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Ideas on Liberty

JUNE 1979

A STRATEGY FOR THE WAR OF IDEAS

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Sylvester Petro

A STRATEGY FOR THE WAR OF IDEAS

NEVER BEFORE have there been so many persons and institutions engaged on the side of laissez-faire in the war of ideas over the proper role of government. And rarely before have socialism and interventionism enjoyed greater success in expanding the role of government while diminishing personal autonomy. Can it be that as the forces favoring laissez-faire grow, the role of government tends necessarily to increase?

Such a conclusion is unacceptable, for to accept it would imply that the proper course of action for every libertarian is to abandon his libertarianism.

Dr. Petro has written *The Labor Policy of the Free Society* and numerous other scholarly books and articles. He is Research Professor of Law, Baylor University, and Director of The Institute for Law and Policy Analysis, Winston-Salem, N.C.

The more acceptable interpretation is that while the number of libertarians may have grown absolutely, their influence has diminished relatively. This is the starting point of the present reflections on a strategy for spreading the truths of laissez-faire libertarianism: that statism is winning the war of ideas because the truths of libertarianism have not been published in sufficient quantity and quality to overcome the fallacies of statism.

Myths and Public Policy

It is not hard to establish that statism has been gaining ground throughout the 20th century simply because ideas and factual assumptions favorable to it have prevailed during this period. Today, most believe that the market economy

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abused consumers and exploited workers in the "bad old days." The free society will never have much of a chance as long as most people believe that it has been tried and has failed. It is no good saying that businessmen have learned to behave themselves better under the pressure of interventionist legislation and union disciplines. For people correctly ask themselves: if the free market could not protect workers and consumers from the predations of business and if it could not provide security against health and old-age hazards without the intervention of government before, why should it do so now?

Statism seems always to advance. Politicians and leftist ideologues daily blame businessmen and the market economy for the bad results of the treacherous villainy of government. Although inflation, unemployment, energy shortages, and their even more wretched consequences all trace to government interventionism, the people believe it when they are told that business is to blame. Why are they so prone to believe the worst of the best public servants the world has ever had—the business firms which feed, clothe, and otherwise provide for us so munificently while government only takes, and takes, and persons such as Ralph Nader have never succeeded in producing anything other than exploitation of the consumer in the name of "consumerism"?

People don't think very well of government, either, it is true. But this fact serves only to emphasize how suspicious they are of the free market and of businessmen. Trusting government very little, they trust business even less and are therefore prone to believe the worst of it. Why? Let us examine one area of public policy which may provide a clue to the answer.

The Law of Labor Relations

Consider the law of labor relations. Scarcely a more destructive field of interventionist public policy exists. This policy, though dating back to the 1920s, rests on five still prevalent ideas: (1) that employers and employees are natural antagonists; (2) that in this antagonistic relationship the employers have all the advantages; (3) that in a market economy the employer is driven by competitive exigency to use his power-edge to abuse and exploit his employees; (4) that protection from such abuse lies in strong unionism and collective bargaining which the government can promote only by giving worker-organizations special legal privileges at the expense of the common-law rights of employers and anti-union employees; (5) that the common-law courts cannot be trusted to administer such a regime

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of special union privileges, so they must be replaced by administrative tribunals (such as the National Labor Relations Board), agencies which can be relied upon to implement the pro-union policies and not to be bothered by what Felix Frankfurter called the "pernicious abstractions" of liberty and property and the rule of law which tend to influence the decisions of the regular courts.

Widely Popularized

Practically everyone accepts as unshakeable truth one or more of these commonly held beliefs: university professors, preachers, high school and grammar school teachers, businessmen, journalists, "intellectuals at large," novelists, comic-strip creators, singers, dancers, actors, newspaper columnists, TV commentators. How then can the general public help taking these premises as gospel? And if they share the belief that the common law and the market economy, left unhampered, will abuse workers, how can they prefer free labor markets under the rule of common law? And if the general public does not want them, what response is to be expected from politicians, the turgid mirrors of muddy public opinion?

The big unions are today no longer as popular as they used to be. Still, no one is seriously proposing that the special privileges which account for their destructive social effects be repealed. No government, even today, with union popularity at a low, seriously considers repealing the existing pro-union legislation.

The situation is even worse. In fact, the moves in Washington are for *more* special privileges for unions. Each year lately the great political battle has been between those who wish to mulct the public with still more favorable laws for unions and those who say "thus far and no further." To repeat, proposals to repeal existing pro-union laws are rarely if ever made, and when made they are always ignored. Why is this so?

Ruling Ideas

There is an argument going on in libertarian circles between those who contend that *ideas* rule the political world and those who believe that *interests* rule. Probably the dispute here is basically a terminological one. Interests and ideas are, as Mises might have said (if he thought the dispute worth noticing), congeneric and concentric. Decisions about what interests to pursue are shaped by values and ideas, and values and ideas are interacting phenomena. Much more important than this, while proposals may be made by interest groups largely out of base greed, with ideas secondary in their calculations, the big question for them and for the country lies

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in whether the demands for special subsidy and privilege will be granted. Interests may propose; but the ruling ideas of the country dispose.

So there can be only one answer. The five premises summarized above continue to prevail. These ruling ideas preclude any possibility of repeal of the pro-union labor policies despite their pernicious effects.

With the country at large enthralled by these premises, not even sound scholars of libertarian bent are totally immune. Fritz Machlup, for example, has written that "there is no doubt that the use of the injunction against labor [sic] had been abused and it was in reaction to such abuse that the Federal Anti-Injunction Act was passed in 1932, severely restricting the use of the injunction." [*The Political Economy of Monopoly* 325 (1952).] But the first exhaustive study ever made of the use of the injunction in labor disputes from 1880 to 1932, only recently published,[1] demonstrates beyond any reasonable doubt that during the period of so-called government by injunction the judges dealt with unions leniently and were already according them special privileges.

[1]*Injunctions and Labor-Disputes 1880-1932: What the Courts Actually Did, and Why*, available from The Institute for Law and Policy Analysis, Suite 305, First Center Bldg., Winston-Salem, N.C. 27104 ($6.00), 235 pp.

Sources of the Myths

A thoroughgoing, systematic process instilled these great labor myths into the minds of Europeans and Americans. The process began early in the 19th century in Europe, came to America toward the middle of the 19th century, and has been burgeoning ever since. A young libertarian scholar, Dr. Howard Dickman, is at work today on an exhaustive study of the English, European, and American scholars responsible for the gradual descent into the chaos of trade-union syndicalism which is threatening the survival of Great Britain and is tying the United States in knots. When Dickman's work is published we shall be able to fix with precision the sources of the ideas which now rule almost all Americans, as well as the British and the Europeans, about the relations between employer and employee.

But we already know how their influence has spread from their lectures, articles, and books to our own university professors and from them to all the rest of us. Young American graduate students in the 19th century went to England and to Europe to complete their education, and they came back with the incoherent mess of guild socialism, pure socialism, syndicalism, and communism which has in most countries of the western world produced the atrocious paradoxes and incoheren-

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cies which we know as the "welfare state."

These young American scholars came back from Europe to become teachers and writers themselves, and, later, political activists—active in the service of syndicalism. *Their* students never quite knew what their teachers were *for,* because socialists and syndicalists tend to be confused and contradictory among themselves. But they all were equally and fervently convinced of one thing: the inhumanity and degradation of unhampered free enterprise. On this all their teachers were as one. And their students emerged with at least one clear idea: capitalism is ugly and hateful and hurtful.

And these students spread across the land, spanning all occupations, and became vocal thought-leaders everywhere. Some became themselves university professors, thus heightening the multiplicative effects of their teachers. Others became journalists, another socialist-multiplying activity. Many became preachers—more multipliers. And then there were those whose role it became to put the destructive ideas of syndicalism actually to work: lawyers, judges, legislators and other politicians.

One of the best examples was Felix Frankfurter, already mentioned as the author of the phrase, "the pernicious abstractions of liberty and property." Born an Austrian and already when he emigrated to America imbued with the Austrian statism which Mises has described, Felix Frankfurter was educated in this country by the epigoni of the European socialist syndicalists.

Moving to the Left

Some have thought Frankfurter a kind of conservative, but the facts are different. While a professor at Harvard Law School he became nationally known as an ardent supporter of leftist causes. For many years he published in the law journals articles decrying the common law and arguing for legislation granting unions special privileges. Not satisfied with mere scholarship he was also active politically. His masterwork, *The Labor Injunction* (1930), supplied the intellectual ammunition, just as his personal efforts provided the political stimulus, for the Norris-LaGuardia (anti-injunction) Act, easily one of the most effectively pernicious pieces of legislation ever passed.

During the New Deal, F. D. Roosevelt appointed Frankfurter to the United States Supreme Court. There Frankfurter completed the cycle from idea to action. His decisions, especially in the field of labor law, pushed the Norris-LaGuardia Act to extremes of pro-union privilege which even his own previ-

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ous writing had disavowed. As a professor, he had written that the Norris Act did nothing more than prevent courts from *enjoining* aggressive union activity. On the Court he was to say that the Norris Act made such activity lawful for all purposes, so that aggressive union strikes and boycotts were freed of all legal control—actions for damages and criminal prosecutions, as well as petitions for injunctions.

Meanwhile the federal government and its bureaucracies also felt the Frankfurterian influence in the form of numerous of his Harvard Law School students. But that is by no means all. Great as his personal efforts and influence were, they were not so great as the influence of his major written work, *The Labor Injunction*. In exploring this fact, we shall come to a conclusion of perhaps considerable value.

The study mentioned above goes far to demonstrate that Frankfurter's book was thoroughly meretricious: massively and pretentiously documented though it appeared, the book was actually all show and no substance. Despite its mountainous footnotes, charts, and appendixes, the book was full of untruths, half-truths, and distortions; notwithstanding its scholarly appearance, in the end it was no more scholarly or cautious than the rabid editorials of the *Communist Daily Worker* or the *CIO News*. For example, Frankfurter repeatedly charged employers and judges with anti-union animus but never bothered to examine why such animus developed. He referred over and over again to the "pernicious abstractions of liberty and property" but nowhere showed how those ideas had brought about vicious results.

An Influential Book

Yet, with all its faults, *The Labor Injunction* has quite possibly been the most influential law book ever written in this country. Its main charges practically duplicate the five ruling myths of current labor policy mentioned earlier. Frankfurter said that in the antagonistic employer-employee relationship, employers were exploitative; unions were the only possible protective devices for the abused employees; but the common law judges, fired with anti-union passion and victimized by "pernicious abstractions," were making it impossible for the unions to do the great and good work that they alone could do.

If any person can be credited with a dominant role in fixing those ideas in the American mind, Felix Frankfurter was that person, and his book, *The Labor Injunction*, was the means. Even before it was published, courts cited it as authority for denying injunctions against vicious union conduct, in cases in which the obvious victims of such

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conduct were employees or members of rival unions. In the succeeding fifty years since it was first published, *The Labor Injunction* has been cited as authority for noxiously pro-union decisions literally thousands of times.

Its scholarly influence has been at least as great as its legal influence. I have never read any significant work dealing with the labor-injunction since 1930 which does not bow first to Frankfurter's book. When the author of such a work blithely declares that the courts abused the labor-injunction in the "bad old days," he does not bother to cite a case as an example; still less does to try to *demonstrate* that such and such a case represented an abuse of the injunctive process. He merely cites *The Labor Injunction*—and proceeds from there to the most astoundingly outrageous legal proposals, confident that his premise is invincible because *The Labor Injunction* is his "authority."

The influence of *The Labor Injunction* spreads on and on. Since all the labor law teachers (and all the teachers of related subjects in economics, sociology, and politics) believe *The Labor Injunction* to be the gospel truth and say as much to their students, the students accept its wild accusations as gospel, too. They are in no position to check its accuracy. Till recently, they could find no fully and convincingly documented refutation on the library shelves. Hence *The Labor Injunction* was bound to fix their opinions on the subjects it treated. If they dared write a term-paper on unionism and the law without citing *The Labor Injunction* as an authority, doubtlessly their teachers would slash biting comments about "lack of standard authority" with their red marker pens across the offending pages. And if in class a student were to challenge the fullness and fairness of the Frankfurterian research, how could he defend his extraordinary temerity? The instructor would cut him to bits, and the other students would munch placidly at the pieces.

Write Books!

It has taken me a long time fully to absorb the meaning and implications of Mises' frequent exhortation: "write books!" A solid scholarly work on an important subject has a much longer life and greater influence than any living person has. It is in some important ways better than speeches, better than panel discussions, better than articles in popular journals, better than pamphlets, better than thin monographs, better than politicking, better than any other activity measured only in the average human life-span. The only thing that comes close to sharing the advantages of a solid scholarly book is a comprehensive and detailed ar-

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ticle published in a journal which is covered by one or more of the good periodical indexes.

This is not to say that people should quit writing brief articles, giving speeches, or engaging in politics, if that is their desire. It is only to bring attention to some of the advantages of solid scholarly work in the eternal war of ideas.

Any decent scholarly work will be purchased by all the great university and public libraries. If it is really good, it will find its way into smaller university, public, and private libraries. Its presence will be signalled for ages to come in the library's card-catalogue, under author and subject and perhaps, if the cataloguer is good, under all the major topics it treats. Its silent and passive look on the shelves is deceptive, for no decent scholar will write a serious work without at least consulting the library card-catalogues available to him. If really serious, he will travel far and wide to find additional works on his subject. When he finds a work which he believes relevant, if he is honest he will bring it to life. It then no longer sits passively on the shelves, doing nothing. It enters his mind. It may have an electrifying impact. This has often happened to me. I first ran across Henry Hazlitt's writing in a card-catalogue. I encountered Mises' *Human Action* by chance in another card-catalogue. Life has never been the same for me. Books are not passive.

The Need for Exhaustive Research

The country and the world are in much worse shape than necessary. Since mankind is imperfect its condition will always leave something to be desired. But even so, things could be better than they are, despite our inherent limitations and flaws. The correctible aspects of mankind's condition trace to faulty facts or faulty theory or both. As already mentioned, these faulty facts and theories have a long history, a monumental literature, and an almost universal influence.

Fortunately, since The Foundation for Economic Education was established in the 1940s (at about the same time as the Mont Pelerin Society was formed), a large number of institutions committed to the advancement of freedom and of the market economy have come into existence. These institutions are variously engaged. Some are conducting educational programs of an academic sort, some operate on the seminar or conference system, some publish journals, usually of a popular kind, some publish brief monographs and pamphlets, and some, essentially philanthropic institutions, provide support to the foregoing, as well as to individual authors for work which is at times quite ambi-

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tious from the scholarly point of view.

All these libertarian programs are good. Doubtlessly, libertarianism would enjoy more success, if each were expanded. But I believe that what libertarianism *must* have now, if it is still to exist after the next dark generation has passed, is an extensive literature of heavyweight, exhaustive, thoroughly documented books demonstrating the fallacies and the destructive consequences of the anticapitalist policies which are now ruling the world and which are likely to bring it very close to destruction in the generation ahead.

For reasons stated above, seminars, conferences, brief articles, pamphlets, and other such ephemera will not suffice. They serve to inspire greater efforts by those they reach; they may even postpone the social destruction already so well on its way. But they cannot extirpate the queer mix of syndicalism and socialism that is now sweeping all before it. They cannot do this for largely the same reasons that you can't sink a battleship with a popgun. The policies which are daily increasing the inanity and ugliness and insecurity of life are the products of the mountainous literature which has implanted the kinds of deeply imbedded myths listed earlier: the myths about the natural antagonisms between employer and employee, the abusive and exploitative character of the unhampered market, the necessity of more and ever more government in order to correct the alleged inhumanity and the inequities built into free markets.

All you can do in a brief article or speech or seminar is *call* these things "myths." You cannot definitively expose their mythic character, you cannot annihilate their credibility, you cannot strip them of every pretension—by anything less than exhaustive and definitive scholarly work. The myths are too deeply imbedded, too widely shared. Throwing pamphlets at the towering myths which rule our times is like trying to knock down the Empire State Building with a slingshot. It's even less promising than that.

It will take generations of sound scholarship and teaching to eradicate the worst of the fallacies which now prevail. The only way to reach those generations is by planting on library shelves books that document definitively the theoretical blunders and the historical calamities associated with the syndicalist mess we are in. Let those powerful books sit on the shelves of libraries where scholars and students are bound to come across them.

The Truth Will Out—if Pushed

Those who participate in the war of ideas are constrained by psychic necessity to believe either in truth as an ultimate value, worth a total

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commitment; or, in any event, that discovered truth, cogently presented, will ultimately triumph; or probably in both, in varying proportions. Real engagement is otherwise unlikely, for there can be no such thing as sustained effort without strong conviction.

We posit a situation, such as the present, when drastically false conceptions of both theory and historical fact prevail. We posit also that education, particularly "higher education" at the university level, is the dominating vehicle for the propagation of ideas, good and bad.

Condensing a complex process to its essentials, we assert that education propagates ideas either orally or by the written word. If we eliminate that extremely rare person, the genuinely original teacher who confines his propagation to the spoken word, never committing his discoveries to permanent written form, the ultimate vehicle of propagation is the written word. This has to be true because the total sum of ruling ideas in all fields of systematic knowledge has been produced in a proportion of at least 99:1 by persons now dead. The expression "there is nothing new under the sun" probably overstates the case. But not by much.

Oral Transmission Limited

Many important ideas and factual assumptions are handed down across the generations by word of mouth. Still, one may doubt whether a single such idea or assumption is either confined to oral tradition or transmitted mainly by word of mouth. Complex theories or factual beliefs are hard to convey exclusively orally. The teacher commonly says at a certain point in every oral discussion: "for further development of this complicated matter, see so-and-so at chapter or pages so-and-so." Thus even orally propagated ideas and assumptions are at least complemented by published literature.

If there is in existence a substantial literature which controverts the theories or facts promulgated by a teacher, he ignores that literature at his peril. An enterprising student more than likely will run across the challenge and may take pleasure in embarrassing the teacher with the discovery. Or a colleague in the department or at another school will expose his violation of scholarly tradition.

The situation is different if there is no substantial literature which controverts the prevailing orthodoxy. Recent history is instructive for the strategist in the war of ideas. We have learned that there is no such thing as a truth settled once and for all, at least not in the field of social policy. That the case for laissez-faire capitalism may have been completed in the 150 years between Hume and Böhm-Bawerk

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obviously did not guarantee the dominance of laissez-faire in the 20th century. In the world of scholarship as in politics, apparently, the idea implied in the expression, "but what have you done for me lately," prevails.

Restate the Truth

The conclusion seems clear: upsetting a fallacious orthodoxy cannot be left to the literature produced by past generations. This does not mean that everything written as of 1900 is no longer of any value. It means that truths stated in 1900 must be restated in 1979 if a contrary fallacy then prevails. It is not enough to say that Keynes is "demolished by Say's Law." It is not even enough to say that Nader's consumerism was exposed as fallacious much earlier in this century by Professor Hutt's description of free-market capitalism as the system ruled by consumer sovereignty.

The strategic rule, then, seems to be that current fallacy must be exposed by current exposition of the truth. More than that, to overthrow a current fallacy requires a powerful, thorough, exhaustive, definitive exposition of truth—for otherwise a strong and widespread orthodoxy finds it easy simply to ignore the truth. Think of how the works of Mises have been ignored, despite their compelling, diamond-like precision and lucidity.

The war of ideas like the war between good and evil goes on and on. Nothing is permanently settled. Each new-born child, each new generation, comes naked into the world, as bereft of the moral and intellectual virtues as it is of clothing. The child and its companions in each generation are endowed with a potential and little or nothing more. Those who wish to see that potential flower in truth and goodness must work at it.

If sound theory and accurate facts are to displace the ignorant nonsense now prevailing in the field of public policy a mountain of *current* literature must be raised, a mountain so high that even degenerate university teachers cannot risk ignoring it.

As Mises said "write books!"—or encourage others to do so.

T. S. Eliot

IDEAS ON LIBERTY

If we take the widest and wisest view of a Cause, there is no such thing as a Lost Cause because there is no such thing as a Gained Cause. We fight for lost causes because we know that our defeat and dismay may be the preface to our successors' victory, though that victory itself will be temporary; we fight rather to keep something alive than in the expectation that anything will triumph.

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Oscar W. Cooley

Inflation Fighters Bark Up The Wrong Tree

THE WAR against inflation, as waged by the United States government, is in reality a war against the forces of supply and demand. The identity of the enemy is missed by Washington. Hence, it is not surprising that no ground is being gained.

Inflation is the over-supply of money in relation to the demand for money; it is not the rise of prices. For this reason, the wage and price guidelines, which are directed at the rising prices of goods and services, are irrelevant. They call to mind a coon dog barking up the wrong tree. And mandatory price controls, which Alfred Kahn keeps telling us are undesirable, but may become "necessary," would also miss the mark, for the same reason.

Mr. Cooley is Associate Professor of Economics Emeritus, Ohio Northern University, Ada, Ohio.

Prices have not risen uniformly. The prices of farm products rose on the average by 40 percent in early 1979. In the same period, the price of coffee beans fell. If inflation is a rise of prices, why did not the price of soybeans and of coffee beans rise at the same rate?

The answer, manifestly, is that the forces of supply and demand impinged differently on soybeans and on coffee. This may have been due to weather, war, different degrees of government meddling with markets in the U.S. and in Brazil, or to a multitude of other causes, special to each commodity. The combination of market forces, in the case of soybeans, pushed the price upward, while in the case of coffee the opposite occurred. Every individual good and service faces its own forces

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of demand and supply and, these being the determinants of price, its own pattern of price changes. This is normal and healthy.

Inflation, on the other hand, is neither normal nor healthy. It is a disease, specifically a disease of money. It is not the effect on price of changes in demand and supply of this and that good. In truth, it is totally unrelated to these fluctuating market forces. Inflation affects all goods alike—all goods for which the inflated money is exchanged.

That inflation is tied to money, not to goods, is indicated by the fact that each nation has its own unit of money—dollar, franc, yen—and each nation likewise has its own rate of inflation. These differ widely. While the United States has inflation of maybe 9 percent per year, Britain has 18 percent, Brazil 30 percent.

But a staple commodity such as wheat or cotton, has a world market price, which is virtually the same—adjusted for varying costs such as transport—in all countries. This world market price is a resultant of the world market forces of supply and demand, not of the inflation force which prevails in any one country due to mismanagement of the money in that country.

Admittedly, inflation pushes prices up—this is why rising prices and inflation are so often equated—but it is a quite different "push" from that exerted by demand and supply. Drought may affect the demand and supply equation, but drought surely is not the cause of inflation.

A useful analogy is that of the tide and the waves. Throw a cork into the ocean. The cork will rise and fall as a result of two entirely distinct forces: the tide, which is a rise in the general level of the ocean over a vast dimension—a rise caused by the gravitational pull of the moon; and the waves, which are rises of varying degrees at various points on the ocean's surface, caused by the winds as they impinge on those points.

Inflation may be likened to the tide, while the varying changes in prices of individual goods and services are the waves, kicked up by the winds, which are local in nature and fickle in force and direction. Our cork may run into a gale and be hoisted accordingly, or it may encounter a calm, its level changing little. In either case, the tide will be operating under it, causing it to rise gradually but inexorably as the tide comes in.

Although the tide and the waves both affect the cork, they are totally unrelated to one another. So also are inflation and the demand-supply force. They are as little related as deficit financing is to drought.

To continue the analogy: it is possible to calm the ocean's waves at any one point by pouring oil on the

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water. Now the cork would not rise on a comber because there would be no comber. But the oil would not have the slightest effect on the tide. That would come rolling in as usual.

Price and wage guidelines are a typical oil-on-water exercise. Using enough oil—including a generous portion of bear oil—one might smooth out a few waves, temporarily, thus modifying the rise of this or that cork, but all the oil in Saudi Arabia would not smooth out the tide.

The same would be true of mandatory controls. Here and there they would modify a price or wage change, but they would have as little effect on inflation as oil on the ocean would have on the gravity of the moon.

Inflation is dilution of the nation's money, as a result of overproduction of money units. Each unit, because of its excessive supply, loses value.

This dilution, in turn, is a result of the desire of government functionaries to spend more money than the taxpayers provide.

Congress has again raised the limit to which the national debt may legally climb. This is to accommodate the ever-present desire to spend more dollars than are in the Treasury. That *more* will be created, generating more inflation.

But Washington dislikes to have the American people realize that the government itself is causing the inflation, and so it assiduously spreads the notion that the rising prices constitute the inflation. People conclude that the Arabs are to blame because they have hiked the price of petroleum; the weather is at fault because it did not grow more fodder and consequently farm prices rose; the businessmen especially are responsible because in their greed they have jacked up the prices of manufactured goods.

Never is the relation of the money supply to inflation acknowledged by a Washington bureaucrat, seldom by a journalist, and only occasionally—sad to say—by an economist. ⊕

Hans F. Sennholz

IDEAS ON LIBERTY

STEP by step the federal government has assumed control over our monetary system. It thus captured a potent source of revenue and a vital command post over the economic lives of its people. This is why every friend of freedom is dedicated to the restoration of free money which is also sound money. It is the gold standard.

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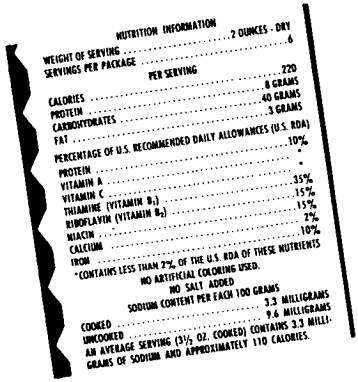
NUTRITION INFORMATION
WEIGHT OF SERVING ..... 2 OUNCES - DRY
SERVINGS PER PACKAGE 6
PER SERVING
CALORIES 220
PROTEIN ..... 8 GRAMS
CARBOHYDRATES ..... 40 GRAMS
FAT ..... 3 GRAMS
PERCENTAGE OF U.S. RECOMMENDED DAILY ALLOWANCES (U.S. RDA)
PROTEIN 10%
VITAMIN A ..... *
VITAMIN C 35%
THIAMINE (VITAMIN B1) 15%
RIBOFLAVIN (VITAMIN B2) 15%
NIACIN 2%
CALCIUM 2%
IRON 10%
*CONTAINS LESS THAN 2% OF THE U.S. RDA OF THESE NUTRIENTS
NO ARTIFICIAL COLORING USED.
NO SALT ADDED
SODIUM CONTENT PER EACH 100 GRAMS
COOKED ..... 3.3 MILLIGRAMS
UNCOOKED ..... 9.6 MILLIGRAMS
AN AVERAGE SERVING (3½ OZ. COOKED) CONTAINS 3.3 MILLIGRAMS OF SODIUM AND APPROXIMATELY 110 CALORIES.

E. C. Pasour, Jr.

NUTRITION PLANNING

To forge an effective food policy we will need to . . . determine what people's nutritional needs are and what levels and types of production are necessary to meet those needs. This will require an ability to translate nutritional needs into production terms. . . . A new food policy must reassess which areas of agriculture are supported and promoted. In the future, the basis of such decisions must be to meet nutrition and trade needs. This will necessarily involve a reorientation of production patterns. (From a speech by Carol Tucker Foreman, Assistant Secretary of Agriculture).

These statements were made at the opening session of the 1977 USDA Food and Agricultural Outlook Conference. The implications of this proposed bold new food policy are far reaching and have received little attention in the press and even less by policy analysts. It should be stressed that Foreman's comments do not represent an aberration of Administration policy but appear to be fully subscribed to by Secretary of Agriculture Bergland:

> We intend through our research to build a constructive nutrition program from the facts . . . We want to know how much animal fat, how much sugar, how many eggs it's wise for a person to eat. Then we're going to build a new farm policy based on these truths.

The full implications of the policy approach visualized is apparently not recognized even by the proponents. The idea that the USDA or any other agency can determine our dietary needs and then reorient production to assure that these dietary requirements are met represents misplaced hubris in a country where consumer sovereignty holds sway. The proposed policy faces three crit-

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ical shortcomings—information problems, restrictions on individual choice, and the planner's illusion.

Information Problems

The first step in the proposed policy is to determine the components of a proper diet, i.e., determine "people's nutritional needs." Even this first step, however, is fraught with difficulties. There is a great deal of controversy among nutrition experts both about the state of current diets and about the effects of various proposals to alter these diets.

Concern about current diets was manifested in the widely publicized report of the Senate Select Committee on Nutrition and Human Needs. Gilbert Leveille, Chairman of the Department of Food Science and Nutrition at Michigan State University disagrees with the thrust of this report and other allegations about the quality of the U.S. diet.

> The American diet today is better than ever before and is one of the best, if not *the* best in the world today. . . . We have virtually eliminated morbidity and mortality from acute nutritional deficiencies (Leveille cites pellagra, rickets, and goiter as examples). . . . We have seen a remarkable increase in the life expectancy of the American population. We have seen many improvements in the quality of our food supply as measured by its safety, wholesomeness and variety, it is unparalleled in the world today. (Speech presented at USDA Outlook Conference, November, 1977)

Dietary Goals

The lack of consensus by nutrition experts on the effects of dietary modification is illustrated by the set of dietary goals proposed in 1977 by the Senate Select Committee. A reduction in overall fat "from approximately 40 percent to about 30 percent of energy intake" was among the dietary goals proposed. Leveille contends that the case against animal fats as a cause of heart disease is unproven and that the goal of substituting polyunsaturated fatty acids for saturated fat consumption represents "a risk which has yet to be fully evaluated." Leveille also disagrees with the committee's goal concerning reductions in salt and sugar intake as well as the proposed goal involving a shift from foods of animal origin to those of plant origin. These examples illustrate the disagreement among nutritionists as to the potential impact of specific dietary changes.

Another problem in determining proper diets is that tolerances and requirements for specific nutrients and foods vary widely between individuals. The Senate Select Committee, for example, recommended a reduction in salt use as a means of reducing the incidence of hypertension. However, there is no consensus among nutritionists as to the proportion of the population whose blood pressure would be influenced by salt intake. As Leveille states:

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It should also be recognized that not all hypertensions will respond to a reduction in salt intake. Further, virtually all professionals examining the dietary goals of the Select Committee are in agreement that the recommended level of salt intake of three grams per day is excessively low and represents a level which is not achievable.

The goals developed by the Senate Select Committee imply that nutrition goals have not been important in the U.S. because we have had no "nutrition plan." However, there have long been diet guidelines in the form of Recommended Dietary Allowances (RDA's) initially established by the National Research Council in 1941 (and periodically revised). These RDA's represent an attempt to meet the dietary requirements of "virtually the entire population" and are subject to the problem that tolerances and requirements vary widely between individuals. Assuming the RDA's are known, these data along with information on nutrients and prices of various fruits, vegetables, and meats enable individual consumers to meet the RDA's in a variety of ways depending upon individual tastes and current prices. The following discussion demonstrates that the best diet for an individual consumer cannot be determined solely on the basis of RDA's.

The idea of a "national diet" assumes away problems associated with individual differences. Even if nutrition experts were able to agree on the components of a well balanced diet, different nutrient requirements can be satisfied in a variety of ways. Protein, for example, can be obtained from various meats as well as from peas and other vegetables. Similarly, virtually all nutritional requirements can be met from a range of foods. Thus, mere knowledge of nutritional requirements reveals little information about which specific foods will be chosen by individuals to consume to meet these requirements since food consumption by individuals is heavily influenced by individual taste as well as by nutrient availability. The most reliable information we have about people's food preferences is revealed through their market choices.

Restrictions on Individual Choice

In a free society, welfare is defined in terms of the welfare of individuals. This individualistic approach assumes that the individual consumer is the best judge of his own welfare. The individualistic ethic implies free choice of diet.

Free consumer choice presents an insurmountable obstacle for any policy which attempts to base agricultural production policy on individual diets. Dietary requirements, as suggested above, can be met in a variety of ways. That is, RDA's of

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various nutrients can be obtained from a wide variety of fruits, vegetables, and meats consumed in many different combinations. Individuals, based on their tastes and preferences and market prices, will choose widely different combinations of goods to satisfy specific nutritional goals. This poses several problems for planners attempting to base agricultural policy on nutrition facts. First, there is no way for the nutrition planner to determine how much of which foods everyone in the country *should* eat. Second, when allowances are made for differences in individual tastes, and the wide range of ways in which various foods are eaten, "nutrition facts" provide little guidance concerning which foods to promote through public policy. Third, the proposed approach ignores political realities which will inevitably arise when congressional action is taken to reduce beef, tobacco or peanut consumption.

The idea of basing levels and types of agricultural production on nutritional needs ("translating nutritional needs into production terms") can only be successful if there is a way of insuring that the nutrition plan is implemented. Thus, to successfully translate nutritional needs into production terms, the Foreman-Bergland plan must determine which foods constitute the "national diet," the amounts required of those foods, and then ensure that those foods are produced and consumed—it must dictate individual diets.

The Planner's Illusion

Secretary Bergland has stated that the "USDA does not intend to dictate diets for the people." However, the USDA has been noticeably silent as to how nutritional needs will be translated into production terms so as to meet "nutrition and trade needs."

Nutrition planning faces the same limitations as other forms of central planning. The idea that a central planner can determine a nutrition policy based on nutritional requirements and then develop a food policy based on these requirements is an example of what Professor Hayek calls "scientism"—the extension of scientific techniques and methods applicable in natural sciences beyond their proper boundaries to include all human activity. In the present context, there is a basic difference between nutrition planning for livestock and for people.

The concept of nutrition planning is being successfully applied in feeding livestock. Mathematical programming techniques are used to formulate least cost diets for cattle, broilers, hogs, and so on. The animal scientist can provide information on nutrient requirements for various classes of livestock and feed

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specialists have information on nutrients provided from various feed sources including corn, oats, wheat, protein supplements, and the like. Given data on nutrient requirements, nutrient availability from various feed sources, and market prices of the product and various feeds, the least cost diet is reduced by a mathematical problem which can be rapidly solved by electronic computer.

The analogy between formulating least-cost livestock rations and planning human diets, however, quickly breaks down. Most people would insist that palatability considerations are much more important in the diets of people. Furthermore, allowances for individual variation in tastes and preferences in human diets are crucially important in all but the most totalitarian of human societies.

If consumer choice is deemed to be important, there is no way for the nutrition planner to determine optimal diets for individuals. If the planner were *given data* on consumer tastes, prices, and nutrient requirements, nutrition planning is reduced to a mathematical problem and nutrition planning is possible. These data are, of course, *not given* to the planner. Furthermore, no alternative to the price system has been discovered as a way of coordinating and transmitting information concerning individual tastes and preferences from consumers to producers (or planners as Hayek demonstrated 40 years ago). Rational nutrition planning of the type visualized is impossible in the same sense that central economic planning is impossible—it is not consistent with the aim which it is intended to serve. There is no way to successfully "translate nutritional needs into production terms" while maintaining individual freedom of choice.

The Variability of Needs

Despite the seemingly obvious problems of nutrition planning, the illusion that central planners can plan production for consumers more efficiently than the market dies hard. Unless individual freedom and choice are ignored, human action cannot be planned and predicted in the same way as phenomena in the natural sciences. The idea that the planner can obtain enough information on nutritional requirements, individual tastes, production requirements, trade flows, and the like, in such a way as to determine "what levels and types of production are necessary to meet those needs" represents an illusion which has much potential for mischief even though it is incapable of achievement.

Government policies can surely affect the pattern of agricultural production. However, there can be

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no assurance that a change in production of particular crops will have the desired effect on diet. For example, corn can be processed and consumed (among other ways) in the form of canned corn or in the form of sweetened breakfast cereal. Many nutritionists would favor an increase in consumption of the former and a decrease in consumption of the latter. A policy of subsidizing corn production, however, might be expected to reduce the price and increase consumption of *all* corn products. Similarly, the dietary implications of increasing production and consumption of potatoes, wheat and many other products are ambiguous.

It seems obvious that Draconian measures would have to be used to achieve the kinds of dietary changes envisaged by Ms. Foreman. How, for example, would the regulator limit the use of salt? By prohibiting the use of salt on potato chips, french fries, peanuts, and so forth? By limiting the consumption of these products? Or, by selling salt on a prescription basis?

How is the use of sugar to be reduced? By limiting the use of sugar in cereal, candy, cake, and so on? Or, by limiting the consumption of these products? The amount of regulation involved in ensuring that dietary goals are achieved is staggering to contemplate.

Even if there were no other problems, political implementation of a nutrition plan would be a formidable obstacle. Policy is inextricably involved with politics and political considerations will impinge on the decision-making process at all levels. This was clearly demonstrated during 1978 by the widely divergent attitudes of various government officials in the Carter Administration toward the tobacco price support program. Conflicts are inevitable given the different constituencies of HEW, USDA and other government agencies. Thus, "nutrition planning" as a basis for policy faces formidable political as well as economic barriers.

The Problem Persists

In view of these seemingly insurmountable political and economic problems involved in nutrition planning, why have these problems been largely ignored by public officials? The illusion of the planner is nothing new and was clearly foreseen by Adam Smith 200 years ago:

> The man of system . . . seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess-board; he does not consider that the pieces upon the chess-board have no other principle of motion besides that which the hand impresses upon them; but that, in the great chess-board of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might choose to impress upon

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it. (A. Smith, *The Theory of Moral Sentiments*).

The illusion of central planners today appears remarkably similar to that held by Smith's "man of system" 200 years ago.

Conclusions

The need for diet information is obvious. In developing sound dietary practices, consumers need information on dietary requirements as well as nutrients available from various foods. The question is not one of *whether* diets will be planned but rather of *who* will plan individual diets.

Nutrition planning is but one example of central planning. The problems of "translating nutritional needs into production terms" are fundamentally the same as those identified in the "market socialism" debate of the 1930s. Information problems are quite as troublesome in nutrition planning as in other types of central planning. The individualistic ethic means that individual diets must vary according to individual tastes. The nutrition planner has no way of determining *a priori* how individuals will respond to nutrition information.

There is a vast difference between providing dietary information to consumers and "nutrition planning" in the sense of attempting to reorient agricultural production based on a national dietary plan. If only diet information is provided to individuals, there can be no assurance which foods will be chosen to meet various dietary requirements and, consequently, how much of various foods will be consumed. Knowledge of how to "reorient production patterns" so as to "meet nutrition and trade needs" requires information on amounts of various foods which will be consumed, sold in the international market, and imported.

The quantity of a food consumed, produced, imported, or exported hinges to a large extent on *price*. Thus, "translating nutritional needs into production terms" means that the planner must be able to control price not only of food produced domestically, but also of food imports. The amount of information required to implement such a plan staggers the imagination. Even if the planner could obtain the required information, changes in supply and demand conditions would quickly make the plan obsolete. Comprehensive nutrition planning is possible in the sense that dietary goals can be proposed and production and consumption patterns can be altered by government subsidies. However, short of dictating individual diets, nutrition planning is incapable of achieving the stated goal of building a new food policy based on nutrition facts.

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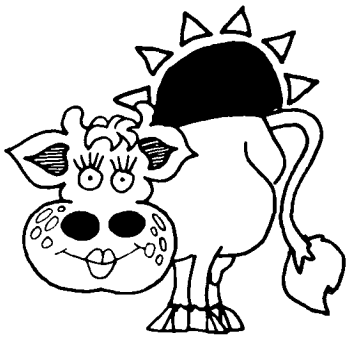
Jess Raley



Amazing Strange

"Now that's amazing strange," the old man said as the king snake not so much slithered as rolled away after killing and swallowing another snake that appeared to be about the same size. We—six or eight boys and three men—were skinny-dipping that long ago day and had watched, off and on, for hours as the king snake killed and swallowed its adversary. Since that time, in my own mind, the superlative of anything unusual has been "amazing strange." But it was almost fifty years before I experienced another incident that seemed to qualify completely.

In the state where I live the retail price of milk has been controlled for years by an organization generally referred to as the milk board. This organization did not set a maximum price. A grocer could sell milk for as much as the customer could be persuaded to pay, but for not one cent less than the minimum figure decreed by the board.

There was one place, a convenience store on U.S. 11 in the northeastern part of the state, that insisted on setting its own price on milk. The schemes this villain attempted in an effort to circumvent the laws passed by the milk board made good copy. From time to time the whole state was treated to a blow-by-blow account, via press and radio, of the latest confrontation between this rebel and the bureaucracy. Since the grocer always

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seemed to lose, these accounts were very hard on the blood pressure of all devotees of a free market economy.

No real challenge to the milk board developed until a large interstate chain lowered the price of milk about fifty cents a gallon overnight. This lawless reprobate was brought to bay in short order, of course, but not before another chain had entered the contest and sold milk, as a leader, for $1.19 a gallon—until the law moved in.

The First Round

The milk board won the first scrimmage as expected, with arrests, fines, and threats of cutting off supplies. After all, this is a nation of laws. But these actions did get the matter before a court. The chain manager who had first defied the law placed ads in various papers stating that the milk he was forced to sell in this state for more than $1.80 per gallon was obtained from the same source, at the same price, as milk sold in adjoining states for about $1.30 a gallon. This information was something less than a news break, since most everyone had known or suspected as much. But when the case came to trial, the court's decision was certainly a surprise bordering on astonishment. The judge found that the milk board, because of some technicality, was illegally constituted; therefore, the laws invoked by it were null and void.

In this age when more and more snoopervision makes the free market less and less able to function, I hold that this court's decision was amazing strange. In the first place it injected a wee small fissure in a solid wall of laws, many years long, calculated to harass the theory and practice of a free market economy. Secondly, there is little if any political clout to be gained by encouraging the uninhibited exchange of goods: no positions created for friends, relations and supporters of the in-gang; no potential outstretched palms made available to producers and distributors. Yes, this was truly an amazing strange thing for a man of law to do in this day and age. And what was to be its effect in the market place, upon the consumer and producer?

For the first few weeks most all grocers sold milk, as a leader, at about cost—or perhaps a few cents less as some of the large chains butted heads. The price hovered around $1.20 a gallon for some time. Then, as one grocer after another tired of the game, the price slipped into its natural slot at about $1.35, where it remained until forced up gradually, along with other produce, by the unrelenting pressure of inflation.

I watched this process from the corner of my eye, as it were, fully

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expecting the superficial philanthropist of the milk board to bring forth a new law to protect all and sundry from the ravages of a free market. When no new law was forthcoming after several months, it appeared to be time to look at the other side of the coin; after all, a reduction of almost one-third in the price of an item must be assumed to squeeze somewhere.

Special Interests

Processors and distributors are reluctant to discuss the matter on a dollar basis, which is their prerogative, of course. Those to whom I was able to talk were definitely in favor of price control, minimum price control, that is, on their products. Insofar as I have been able to determine, however, none of the state's distributors has quit or gone bankrupt.

The dairymen who produce milk—feed and milk the cows, clean the barns, mend fences, sow pastures, put up silage, ad infinitum—were much more willing to talk. After all, these rugged individuals often work ten to twelve hours a day, seven days a week, in a valiant effort to make ends meet; they have nothing to hide. As a matter of fact, the price of milk at the farm was not cut when the milk board was ousted, so the actual producer is no worse off than before. Naturally, milk producers would like, and think they should have, an increase in the price of their product. But, at present feed grain prices, those with whom I talked admitted that they were not hurting unduly.

So, draw your own conclusions as to what happened to the extra fifty cents for each gallon of milk sold when the board was in command. Without this boon, the producer is no worse off. Processors and distributors are still in business and apparently doing well. The grocer is still happy; he can sell milk as high as the market will stand or run it at cost to draw more customers. Needless to say, the consumer is better off and one would think a wee bit happier.

The price of milk has inched up since that time, about the same as other foods to keep pace with inflation. But it is still about fifteen per cent less than it was two years ago, and the shortage predicted by the milk board has failed to materialize. Faced with evidence of this nature, one may ponder what the bottom line would look like if all laws that inhibit the voluntary exchange of goods were struck down. More specifically, what would it be like to live in a free market economy? ⊕

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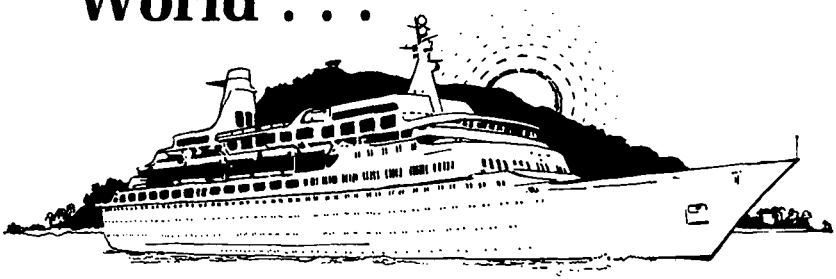
Perry E. Gresham

Around the World . . .



YOGI BERRA is reputed to have made the sage remark: "You can observe an awful lot just by lookin'!" A few days in a country can yield only an impression, but when the visit is preceded by study, and the observations are supplemented by interviews and visits with informed persons, the impressions may have more validity.

For eighty days I have been sailing around the world on the *Queen Elizabeth 2*. We have spent some time in several interesting nations such as Brazil, Uruguay, South Africa, India, Sri Lanka, Singapore, Hong Kong, China and Japan. My studies in philosophy and economics have prompted me to ask many questions and look in on many projects. The world-wide fellowship of academic people has been a great help to me. With a few exceptions I have been able to avoid talking with any of the officials who have a point of view and a position to defend. I have, with the help of a good interpreter, talked with people involved in the several cultural and economic activities that make up a national character and image. These impressions I have gained are of such interest to me that I feel impelled to share them with anybody who finds them interesting or instructive—even irritating!

It seems to me that any country in which the government is hostile to business and industry, for political reasons, damages the quality of life for the people in general. Marx is long dead and frequently shown to be wrong in his observations, yet

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politicians and bureaucrats cling to his dogmas of the rapacity, culpability, and greedy self-interest of people engaged in the production and distribution of goods and services for profit. Responsible persons seem never to learn the wisdom of Samuel Gompers who said, "The company that does not make a profit is the enemy of the working man"! A government that socializes its economy kills the goose that lays golden eggs for the poor and needy. Still it goes on around the world.

Uruguay is a prime example. Here is an attractive country about the size of Washington state which has just gone through the socialist wringer. It all started with a welfare program that promised everything to everybody. It was indeed reported to be a worker's paradise wherein everybody could retire at forty on a fat state pension. Private enterprise was squeezed out in favor of the system which Bastiat described as an arrangement wherein everybody attempts to live at the expense of everybody else. The State went broke. A military strong man moved in. Everything is rationed and equality is widely proclaimed, but privilege is apparent and poverty continues. The privileged few are the politicos, the bureaucrats and the leaders of the ruling junta. People live on, as they must anywhere in the world. People survive the loss of freedom and the excesses of governments. But without liberty they are locked in. Without free business and industry they cannot gain freedom or mobility for themselves. How prosperous these people could be if capital could be formed, industry and trading encouraged and the people free to make something of themselves rather than to exist as the wards of the state!

Singapore shows what can happen to a tiny country that encourages trade and production. That celebrated entrepreneur, Sir Stamford Raffles, started the little island out as a business center when political people were attempting to divide up the earth. The influence of the founder is remembered by successful enterprise as well as of the old hotel which bears his name and which inspired Somerset Maugham to write so many exciting stories centered in Singapore and the Raffles. Poverty-stricken people from all sides come into Singapore for the same reason that southerners poured into Detroit to work for Henry Ford. The politicians, ambitious as they are, see the need to preserve the high standard of living which successful business affords. There are some curious contradictions wherein the government joins hands with industry to build housing for the workers, but when people do not work they do not go on dole.

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Welfare payments are restricted to working people with the result that there is no unemployment, with the very small exception of unemployable welfare cases. The function of government to protect its citizens from injury by anyone using force or fraud seems to be rigorously performed. There is little or no crime; there are no beggars; there are no coddled criminals. The death penalty is enforced by hanging.

Business comes in from all over the world to bring prosperity to a little overcrowded island which has negligible natural resources. Business comes because it feels secure from the raids of the politicians who have in less fortunate countries stolen the capital which has been invested there. Overregulation and confiscatory taxation are not on the Singapore menu. Trade unions are not given special privileges under the law. Business prospers, people work, the government intervenes, but not to the destruction of business by which the place lives. Civil rights are defended still by appeal to the Privy Council in London.

Hong Kong is an even better example. Here is probably the nearest thing to a free market to be found anywhere in the modern world. The government of Hong Kong is an attempt at the least possible, given the peculiar problems of overcrowding and geographical limits. Investment bankers for the whole world center here. Capital is placed for the oil-rich Middle East and markets are found for productive countries like West Germany and the USA. The limited government is aimed toward providing conditions that lead to prosperity and peace. No wonder business looks this way in a world in which dedicated bureaucrats and politicians are working—as much as they work at anything—trying to tax and regulate business out of existence. When they succeed the result is socialist business which is best illustrated by the postal service in the USA.

Plato, who had little interest in democracy, saw the political process as running from too much clamor and conflict in a leaderless democracy, moving to a socialist state, to be followed by a dictator. **Sri Lanka** is just emerging from the last stages of the overregulated and oversocialized government. This small island about half the size of Alabama has 15,000,000 people. Tea and rice are the predominant products since natural rubber demand has diminished. Some gems of rare quality are found on the island. Politicians promised everything and attempted to deliver, with the result that taxation and inflation could not keep the overspent budget close to balance. When bankruptcy comes in a socialist state, nobody admits it,

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but the stability disintegrates and a strong alternative moves in, making the controls even more stifling. Some of my sophisticated friends see a glimmer of hope in the fact that the beleagured government may at last see the wisdom of trade and perhaps even foreign investment. Some imagination and a look around at some nearby countries might very well start the "Hong Kong effect."

The market, which Adam Smith called the invisible hand, operates anywhere. It is not some optional form of political economy. It is more like the law of gravity which works even when distorted and impeded. **Communist China** is just now rediscovering the operation of the market. When farmers were granted the right to the product of a small plot of ground, the land thought worthless suddenly became fertile and the crops were amazing. Incentive makes for resourcefulness and effort. Farmers not only grow foodstuff for themselves but also grow enough to take to the streets and sell for cash. Now the central government is trying to open the doors to trade. How could they avoid noticing the prosperity of Taiwan in contrast to the poverty of Red China? Tourism is going to be big business in The People's Republic. I sat at dinner with the Minister of Tourism for all of China. This man has a vision of a tidal wave of tourists all bringing hard money into his country. The greatest need of that vast nation is for capital. A person with a broom or a shovel has only a small investment back of him. When he can have a powerful street sweeper or giant steam shovel his capital back-up will be great and his productivity will be multiplied. Chinese traders have been famous for centuries, and they are ready to trade again if they can get the stifling ideologists off their backs. People who write about China tend to assume that any improvement rests with the government. Get the government impediments out of the way and you will see the miracle of Hong Kong begin to operate.

Japan is a study in the effect of open trading and the encouragement of business and industry. Fifty years ago Japanese products were thought to be shabby if not phony. Today their technology is unsurpassed in the world. At the close of World War II Japan was freed from the expense of a vast military establishment. This was a help. The people were eager to work. This was a greater help. Even today the Japanese work week is six days. Electronic devices of quality are manufactured at a fraction of the cost of those produced in other countries. These things are not the result of sweat-shop labor, for the

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Japanese workers are very well paid by any standards. Now, however, the government effect of intervention is beginning to operate. Regulation and taxation together with inflationary government spending may very well soon reduce productivity along with product quality and Japan will be caught in the web of bureaucracy not unlike that of the USA.

These impressions and opinions need the correction of more careful observation and study, but they are enough to deepen the opinions I have long held about the nature of human well-being when government intervention takes its toll. Politicians and bureaucrats are not evil people. They are out for themselves as a self-respecting person must be—regardless of the system. Interest groups push for benefits and politicians promise to pass a law to spread the cost. Bureaucrats need to defend their positions and increase their power and the enforcement machinery multiplies with excessive personnel. Governments grow; the politicians promise more and more, the bureaucrats multiply and the bewitching socialist chimera enchants the people. The government overspends, the economy falters, business and industry fail and the people are in distress. The predicament is only worsened by the dictatorship which must follow.

Now and again, however, there comes a glimmer of hope. China begins to open up and trade; Sri Lanka takes a new look at Hong Kong; Britain tries to get hold of the inflationary spiral; America takes a look at taxes and government spending. Plato smiles at the succession of government blunders, Karl Marx wonders what went wrong with his classless society, and Adam Smith nods knowingly as he sees reality overtake ideology. Yogi was right. "You can observe an awful lot just by lookin'!"

IDEAS ON LIBERTY

The Conditions for Progress

In a nation without a thriving business community, private wealth is generally stored in vaults, or used in conspicuous consumption, or invested in real estate, or placed with business communities abroad. But where a country's private business is not subject to Procrustean measures of control, this private wealth is less likely to be shipped abroad, buried, or otherwise diverted into circuits of low economic potential.

HAROLD M. FLEMING

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World in the Grip of an Idea

Clarence B. Carson

30. The Individual: Victim of the Idea

"There's only one general feeling at Westminster [the British Parliament]. That independence must be stamped out at all costs. . . . The policymakers in all three parties are in complete agreement on that."[1]

The thrust of the idea that has the world in its grip is to take away the independence of the individual. This thrust inheres in the idea as it is formulated here as well as in the socialist way of looking at conditions which are supposed to be remedied.

The formulation of the idea being used here is that the aim is to concert all human efforts for the common good. The only direct way to achieve this is to make the individual into a cog in a vast machine, to make the efforts of each individual coordinate with those of the human race. Such a coordination is only possible when individual independence no longer exists or is no longer capable of action.

The animus of the idea runs deeper than this. It is, as has been stated before, to root out the penchant of the individual to pursue his self-interest. It is a religious, or quasi-religious, aim at bottom, an

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In this series, Dr. Carson examines the connection between ideology and the revolutions of our time and traces the impact on several major countries and the spread of the ideas and practices around the world.

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aim which entails the transformation of the individual. On the socialist view, man's original sin is the pursuit of self-interest. It is, they think, the source of all the ills in the world. A massive effort has been made to transform men along these lines.

But all efforts to eradicate man's pursuit of self-interest have been to no avail. The greater the effort to erase it, the more determinedly do men pursue their self-interest as they conceive it. There is abundant evidence that even when the most drastic efforts have been made to remove the opportunity for the pursuit of self-interest, in slave labor or concentration camps, for example, men continue to do so, even to the detriment of their fellows. When man is bereft of all else—wealth, family, position, the comfort of religion, and the amenities of society—he pursues self-interest as long as any will remains in him.

There is reason for this. The denial of the right to pursue one's self-interest is, in effect, the denial of the right to life. Our very survival hinges regularly on a lively interest in self. From the most primitive savage to the most urbane civilized man this has been true. Nor could it be otherwise. Each individual must attend to the means for sustaining himself and avoiding the dangers that threaten him. He must either see to his bodily needs, or it must be done for him. He must be constantly wary of things about him that can do him harm: fire which can burn him, water in which he may drown, high places from which he may fall, objects that may fall upon or hit him, and a thousand and one other dangers. He must be on the lookout for ways to provision himself and be on guard lest his provisions be taken from him.

The Foundations of Society

The individual is not necessarily alone in his efforts to survive, though he may sometimes be. Ordinarily, though, he may have help from others and render assistance in return. Society is founded upon mutual exchange and aid, and the individual finds advantage to himself both in making exchanges and rendering aid. None of this alters the fact that the individual's pursuit of self-interest is as deeply embedded in his nature as is the will to survive, and necessarily so. There is no need to suppose that it is man's only motive, or always his predominant one, but whether it is or not, it is ineradicably there. Socialists to the contrary notwithstanding, the opposite of the pursuit of self-interest is not the pursuit of the common good; it is the abandonment of the self to destruction.

Socialism does not succeed, then, in eradicating the individual's inherent bent to pursue his self-

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interest. It can, at most, induce him to conceal it by making hypocritical claims about the motives behind his acts. Socialism does not do what it cannot do; it does instead what it can. It does not root out self-interest; instead, it reduces and attempts to remove the means for individual independence. The individual has an ingrained bent toward independence, too, but the means have to be available or acquired, and they can be largely removed.

Independence is essential to individual freedom and responsibility. Freedom without the independence to choose and act is a contradiction in terms, a notion without content. In like manner, the individual cannot logically be held responsible for acts not freely and independently done, nor can he assume responsibilities without a measure of independence. As a practical matter, freedom consists of the right of the individual to dispose of his own energies, employ his faculties, use his own resources—that is, manage his own affairs—for his own good and constructive purposes. Responsibility entails both attending to those obligations which arise from his situation and taking the consequences of his acts. Socialism victimizes the individual by its continuing assault upon his independence. Tacitly, socialism promises freedom without responsibility; in fact, it takes away the means—individual independence—for exercising either.

Organization and Numbers

Socialists use two devices mainly both to undermine and take away the independence of the individual and to instrument him as a cog in a wheel. They are *organization* and *numbers*. The discussion of numbers will be deferred for later treatment so that we can focus on organization here.

The most basic and comprehensive organization used by socialists is government, but all organizations are utilized to the extent that they can be. The secret police in Russia are referred to as "the organs" by people generally. This is a most appropriate nomenclature for them. They are organization in its most completely diabolical form. They are a secret society, in effect, empowered by the rulers to use whatever means are necessary to bring the populace to heel. Communists use all organizations to this end, some more directly than others, but all of them in some way. Gradualists tend to interpenetrate all organizations, control them, and make them instruments of government power.

To understand how organizations have been used and the impact they have on the individual—plus why socialism fails—it will help to look at the nature of organization, not just governmental organizations,

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not just organizations penetrated by government, but organization itself. It is a subject needing much deeper treatment than can be given to it here as well as much more thorough analysis. Much of the trouble in these times can be ascribed to our failure to limit organizations and assign responsibilities clearly within them. We have tended to venerate organizations and to suppose that any ills arising from them can be attributed to abuses of them. Or again, we seek to counter organization with other organizations, and the effect is often enough that the individual tends to get crushed by contending organizations. Hence, at least a sketchy understanding of organizations is to our purpose here.

One Man in Charge

It is in the nature of the organization that there should be one person at the head of it. Attempts to have several people with coequal authority at the head do not work out well. Such an arrangement sets the stage for a struggle in which one person finally emerges as the recognizable head. The most dramatic illustration of this principle has been what has happened in the Soviet Politbureau when the Premier, or whatever office the head might hold, died. There would be solemn declarations that henceforth the Politbureau would operate on the principle of collective responsibility. A struggle has ensued each time, and at the end one man has emerged as the leader. This is generally the pattern for every organization whatever its size, though the struggles may not be so dramatic or have such far reaching consequences.

Every organization of any considerable size is hierarchical. That is, there is some sort of chain of command, or whatever it may be called, through which the determinations made at the top are passed down through the ranks. The hierarchy may be rigid and clearly visible to everyone, as in a military table of organization, or it may be much more subtle and informal. Indeed, some heads of organizations are so determined to hold all power that they never allow any dispersions of it to become clearly settled anywhere else. This is one of the hallmarks of an arbitrary and despotic organization. Be that as it may, all sizeable organizations have some sort of hierarchy.

Whatever its purpose, any organization has one other characteristic that it is essential to grasp. The organization is a device for exercising control through or over those within it. This control has a confining impact on individuals. By directing and controlling individuals, organizations tend to restrict the independence of the individual and take away from him the management of his affairs in those areas to

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which the organization extends. To put it another way, an organization tends to confine the acts of the individual within limits set by those at the top, and what gets done tends to be limited to the vision of a single man.

The Family and Government

All societies have had some form of organization. Indeed, two organizations are essential to human society: the family and government, the family as a means at least of nurturing the young and probably caring for the old, and government for keeping the peace and protecting from aggression. Family and government are probably the models for all other organizations. Complex societies have often had a considerable variety of organizations: armies, religious organizations, trade guilds, industrial enterprises, and so on. In looking back on them, we usually see readily how they limited, restrained, and confined the individuals within them. For example, it is easy for us moderns to perceive the confining character of the Medieval manor, the guild, the monastery, and other such organizations. Indeed, the authority of the Medieval Catholic Church seems to most of us to have entailed great restrictions on the liberty of the populace in general.

It is most unlikely, however, that the generality of men at that time viewed the matter in that light. Ordinarily, the organizations within which they lived and labored were a part of the parameters of life; one might as well complain of floods or droughts as of the manor, the guild, or the church. Undoubtedly, man complained of the hardness of particular overlords or the limitations of some particular restriction—especially if it were new—, as they are ever given to doing; but the general framework was accepted as a thing established of God and its doings hardly distinguishable from acts of God. It is only when arrangements have been unsettled as by some catastrophe, such as the Black Death which swept Europe in the fourteenth century, or the confrontation with other cultures, such as happened following the discovery of America, or the decay of some vital institution, such as that of the Catholic Church in the fourteenth and fifteenth centuries, that men are apt to resent and resist the confinements generally.

Transforming Man

A specter has been haunting Western Civilization since the time of the French Revolution. It is the specter of the transformation of man. The catastrophe entailed was forestalled following the French Revolution, but the residue left from that and other efforts has been gaining ground since the late nineteenth

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century and has now spread to the whole world. It is here referred to as the idea that has the world in its grip. The idea gains control in part by taking over organizations and using them to ends implicit in the idea.

The revolutionary ardor of those under the sway of the idea is usually expressed as an assault upon our received organizations generally. (For example, some nineteenth century socialists were so anti-government in their animus that they became anarchists.) This continually misleads us, and perhaps them, as to what they are about. Once those under the sway of the idea are in power we may learn, however, that their object was not to destroy organization, as such, but to use it to extend control over the individual, to sap his independence, and take from him the management of his affairs. True, revolutionaries sometimes crush particular organizations, but that is only as prelude to replacing them with others more effective for their purposes.

It is as appendages of organizations that contemporary man is most vulnerable to the thrust of gradualist socialism. It is by way of his dependence on organization—for his job, for his education, for his pension, for his sustenance—that the individual is drawn into the maw of the state. Economic independence underlies all independence. "For economic independence," as C. S. Lewis said, "allows an education not controlled by Government; and in adult life it is the man who needs, and asks, nothing of Government who can criticise its acts and snap his fingers at its ideology. Read Montaigne; that's the voice of a man with his legs under his own table, eating the mutton and turnips raised on his own land. Who will talk like that when the State is everyone's schoolmaster and employer?"[2] Since the thrust of gradualist socialism may not be toward the state's becoming everyone's employer, it might be better to modify it to say when the state controls everyone's employer. Communism, of course, makes everyone under its power into an appendage of its organizations.

Platform for Collectivism

What I am getting at is this: It is the prevalence of organizations in modern life that set the stage for the triumph of collectivism. It is the modern dependence upon and veneration of organization that has paved the way for the fastening of the grip of the state upon us. It is the very control over the individual that is characteristic of organization that socialists use to build upon. This control is a disadvantage in all organization, even as it may be the means to strength of the organization, and it is the primary reason for

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the economic failure of socialism. Let us look at the impact of this control more closely.

There is a usually unstated premise which undergirds the belief in organization. It has sometimes been phrased this way and, if memory serves, Marx so phrased it: The whole is greater than the sum of its parts. (This is a variation on the mathematical axiom that the whole is *equal* to the sum of its parts.) There is a sense in which this is true when an organization or collective is considered as a whole and men are considered to be parts.

An organization is much more effective in intimidating, coercing, restraining, and exerting force than are the same number of individuals in their separate capacities. A small army can conquer a large populace which has no organized military force. Indeed, a few bandits, under the control of a leader and prepared to use force, can intimidate and terrorize a community. Massed pickets of a labor union can stop production in a whole industry. The principle which underlies the effectiveness of organization can be stated bluntly this way: An organizational whole is greater than the sum of its parts in its *destructive* potential.

The principle has a most important corollary. It is this: An organizational whole is *less* than the sum of its parts in its *constructive* potential. It is the belief to the contrary that undergirds collectivism. The idea that has the world in its grip holds that if all efforts could be concerted the results would be of a magnitude incomparably greater than would those of individuals acting independently from one another. But the very attempt to concert all efforts by organization runs athwart the above principle.

The Failure of Socialism

The validity of the principle—that the organizational whole is less than the sum of its individual human parts in constructive potential—has been dramatically illustrated in the Soviet Union. Virtually all of the land in the Soviet Union is in the hands of the state and the work force is organized either in large state or collective farms. But the farming people have been allowed from time to time to have small plots from which they as individuals or families are permitted to keep and sell the produce. The difference between the produce from these tiny plots and the giant farms was summarized this way by Eugene Lyons:

> According to the government's own figures . . . , private plots with a mere 3 per cent of the nation's sown acreage accounted for 30 per cent of the gross harvest, other than grains; 40 per cent of all cattle-breeding, 60 per cent of the country's potato crops, 40 per cent of all vegetables and milk, 68 per cent of all meat products. Their fruit yields . . . are

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double those of state orchards for equivalent areas, its potato harvest per hectare two-thirds higher than on collective farms. Even in grain, which is a very minor element in the private sector, it produces one-third more per sown unit than an average socialized farm.[3]

The reason for these dramatic differences can be readily explained. When an individual is working on his own plot, managing his own affairs, and receiving the fruits of his labor, the effort can engage the full potential of the individual. It engages his intelligence, his ingenuity, his knowledge, his skills, and his watchful attention. (Watchful attention is often decisive in farming; tending and harvesting at the right time can make a great deal of difference.)

Limiting Human Initiative

We see from this example, too, the reason for the validity of the principle. Organizations are unable to muster the full constructive effort of the individuals within them. Any organization tends to subject the individuals who are to do the constructive work to the determination of those higher up in the hierarchy, and ultimately to a single man. By so doing, it tends to limit the extent to which the individual can and will put his whole attention to it and apply all his capabilities.

The principle, then, has the look of being universal, of applying to every sort of organization, governmental and private, and I believe it is. That is, an organization will get less constructive results from a given number of individuals than those individuals could produce if they were managing their own affairs and assuming full responsibility for them. We know from experience, of course, that such universals require for their validity the universal qualifier—*all other things being equal*—as well. That is, a given number of individuals acting on their own could produce more than the same number organized, if there are no supervening factors. The critical supervening factor in the modern world has been the widespread and ever more extensive use of *capital,* i.e., tools, equipment, technology, and supporting materials. With capital, the principle is modified to read: A given number of individuals with capital in an organization *can* produce more than the same number without capital acting on their own.

The Will to Do

The operative word, however, is can, *not* will. This qualification moves us back nearer the principle from which capital tends to pull us. The farm workers on a Soviet state farm often have a great deal of equipment—tractors, gangplows, harvesters, and so forth—for use on the state lands which is not available on their own small plots. The

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disparity in production has to be accounted for in other terms than those of capital.

Whether organized workers with capital will produce more than those acting on their own without capital depends on the extent of the control over them and the incentives they have to produce. The tighter the control over them the less opportunity there is for individuals to exercise their constructive potential. The more remote the workman is from ownership of capital or receipt of the fruits of his labor the less incentive he has to produce. The greater the force exerted the less are the constructive returns. To turn it around, well paid workers who have freely chosen their employ and have leeway in going about their work along with being held individually responsible for what they produce may come close to realizing their constructive potential within an organization.

Even so, if the principle is correct, organization introduces a drag on the constructive potential of individuals. Large doses of capital may compensate for or hide it. Where complex operations are involved, many of the disadvantages of organization may be offset by combining the efforts of individuals with diverse skills and specialties in uniquely productive ways. This is a way of saying that capital and specialization can temporarily compensate for the drag of organization. The organizational drag remains, however, and in a never ending effort to overcome it we are pressed toward ever greater capitalization and specialization.

Bureaucratic Drag

We castigate one of the aspects of organizational drag as bureaucracy. Unionization adds the drag of an organization to organizational drag. Governmental privileges, subsidies, preferences for capital, recognition and aid to organizations, and use of power to facilitate the operation of organizations tend to help overcome organizational drag. Governmental control and regulation tend to add to the organizational drag.

In a free market, there would no doubt be organizations. They would come into being where complexity of getting the job done tended to favor organization. But they would be open to continual challenges by individuals and partnerships who would have the natural advantage of engaging their whole beings in the effort. This would tend to press organizations always in the direction of giving more leeway to their employees in the performance of their work and placing more responsibilities on them. Indeed, organizations would be pressed in the direction of renting out or selling their equipment and contracting the tasks on a piece work or project work

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basis. The market tends to reward constructive effort and penalize destructive effort; thus it presses always in the direction of individual ownership, control, and responsibility.

What has all this to do with the idea that has the world in its grip? It lays the groundwork for understanding how the individual is held in the grip and subdued, what the impact of governmental control is, and points the way toward restoring the independence of the individual. The most direct relevance is this. Business used organization to integrate manufacturing and distribution of goods. By so doing, it provided the basic idea with which socialists have been enamored since the late nineteenth century, namely, of concerting all effort through organization and ultimately by the use of the force of government. The factory system provided the model of economic organization for socialism. To see how this happened, it will be helpful to review a little the history of the rise and character of that system.

The Factory System

The factory system had forerunners in mines and mills, but it took definite and distinct form in the textile industry in England in the late eighteenth and early nineteenth centuries. From there, it spread to other countries. The crucial thing that happened was the concentration of production in central locations, in factories. Theretofore, most textile manufacturing had gone on in homes, and if it was done for sale, it was often handled in what was called the "putting out" system. "Factors" put out raw materials to workers in their homes, and the yarn or other products were then picked up and paid for from time to time. The workers were what we would call self-employed, providing their own simple equipment and housing (capital), doing the work themselves, and being paid by the quantity they produced. A critical change occurred when production was moved into factories.

Why production was moved into factories is not difficult to explain. There were several inventions—the spinning jenny, the "mule," and an assortment of other machines—which made it possible for a given worker to produce much more in a given span of time. Much of this equipment not only required a greater outlay of capital than had earlier devices but also it could be much more effectively utilized with greater energy than humans could exert. Falling water provided the power for early textile factories, and it was the quest for this power that induced entrepreneurs to concentrate manufacturing (a word which originally meant hand-made) in factories.

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The factory system was a mixed blessing, if blessing it was. There is no question but that a great increase in production took place with this innovation. Goods poured forth from it in such quantity that people from every walk of life were able to have more and better clothes. Financially, too, the factory system was a great success; it was the foundation of increasing prosperity in England, and before long in other lands of the West.

The Dark Side

There was, however, a nether side to this development. It was in the character of work life in the textile factories. Much has been written about the harshness of conditions in these early factories, of small children chained to machines working from dawn to dusk, of pallid and pinched faces rarely touched by the sun, of girls for whom the flower of youth was nipped in the bud by unremitting toil, of bodies warped and bent to the shapes required for tending the machines.

Whatever of exaggeration there may be in particular accounts, the picture that generally emerges must be substantially accurate. The making of yarn and cloth had traditionally been work mainly for women and children. The nimble fingers of children were right for the tasks, and the attendance to detail and patience most highly developed in women was an asset. The employment of children, and particularly girls, made the factory system especially unpleasant for later generations to accept.

What I would focus on in the context of this work, however, was the loss of independence and the management of one's own work affairs in the factory system. Work in these factories entailed some of the worst features of organization. The factory owners or managers prescribed the time for workers to come to work, how long they would work, what tasks they were to perform, and how the work was to be done. In the early stages of the factory system, control was often not restricted to the work life; it was extended over the whole life of the workers. Villages were built around the factories, and workers might be required to live in and pay rent upon the houses so provided. These villages often had a company store in which the scrip in which they could be paid might be spent. Often enough there were company police, augmented by spies who kept the managers informed about the behavior of the workers.

A Counter-Movement

In significant ways, the factory system ran counter to the great liberating movement which had been going on in England and, to a lesser extent, elsewhere. In agriculture, great headway was being made

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in separating ownership of property from control over people. Serfdom, which tied the peasant to the soil and made service to the owner obligatory, had been abolished. Before long, indeed, serfdom and slavery would be abolished in all lands where Western and Christian influence was strong. New arrangements had been devised for farming land which left the tenant increasingly on his own to manage his own work affairs; the only thing he owed the landlord was a portion of the product.

Even so, the factory system was in many ways the product of a particular historical setting. The initial inventions for textile manufacturing were made at a time when falling water was the only considerable non-animal power system available. Thus, places for housing the machines had to be built adjacent to the water supply and the machines had to be concentrated near the master wheel. Also, the principle of separating the ownership of property from control over people was incompletely realized. Servants and farm workers were hired for wages. Indentured servitude was still common. It was a widespread practice for fathers to hire out their children or sell them into indentured servitude. Given the attitudes of the time about the subordination of women and children to men, it would have been odd if the factory masters had done other than assert control over them.

Be that as it may, the great productivity of the factory system should be attributed primarily to the use of machines and power from falling water or, in time, steam engines (i.e., to capital). It is doubtful that the increase in productivity should be attributed either to the greater industriousness of workers or to an organization which regimented and controlled the workers. Any organizational drag, however, was much more than offset by the advantage of using large machines harnessed to a non-animal power source.

The Use of Machines

The crucial role of capital can be demonstrated by a simple machine such as the early cotton gin. Eli Whitney's gin turned by one man could separate as much lint from the seed as could twenty-five men working with their hands. To put it another way, the most skilled and industrious person could get, say, three pounds of lint in a day. Whereas, an equally industrious person could get seventy-five pounds, say, by using a machine. The machine, in this case, would be the only difference. The principle remains basically the same for all constructive effort, though complexities cause difficulties both in perceiving and applying it.

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The factory system provoked the concern and wrath of many men. Indeed, the history of the nineteenth century is laced with uprisings, revolts, strikes, movements, ideologies, and what not, aimed at doing something about it. The Luddites went about it in the most direct way. They proposed to solve the whole problem by breaking up the machines, probably the most irrational of a whole host of largely irrational reactions. Some of the early socialists, too, tended to blame the machines. Robert Dale Owen, himself a factory owner, wanted to dispense with all sorts of mechanical devices. But it was Karl Marx whose analyses and prophecies gave the turn to socialism that became central to the idea that has the world in its grip.

Marxian Misinterpretation

By a grotesque distortion of classical economics, Marx arrived at the conclusion that the industrial worker was being cheated out of his rightful share—virtually all of it—of production. His labor theory of value tacitly attributed virtually the whole of productivity to industrial workers. Capital, which was the primary source of increased production in the factory system, was downgraded to the point that it was an insignificant factor in production.

Marx did not attack organization, as such, fundamentally, and the matter of control over the worker was only secondary. This is not surprising. He, along with other socialists, was no doubt precommitted to seeing the problem as being private ownership and the solution as collective control. The factory system, as such, was not rejected; instead, Marx saw it as the means to a bright and glorious future. Once the workers had seized the factories and were running them, all the problems of the world would be solved. As a result of the seductiveness of his ideas and the faulty reasoning they incorporate, much of the world is now confined in a system that institutionalizes the worst features of the early factory system.

The State as the Factory

Communism is the nineteenth-century factory system writ large. It is the factory taken over by the state and government bureaucrats substituted for owners and managers. It is the mill village confiscated by the state and housing become a prerogative of those who serve and please the government. It is the company store become a state store and the state's scrip substituted for company scrip. It is the fence that once surrounded the factory now expanded to surround the whole state to keep the inhabitants in. It is the organizational control of the workers universalized with no alternative em-

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ployers or way out. It is the company spies and police now the instruments of a totalitarian state with the force of government at their disposal. It is the carrying out to its ultimate conclusion of the notion that man's prosperity can be achieved by integrating him into the organization using him as a cog in a giant wheel.

All this was implicit in Marxism but concealed by his proclaimed opposition to capitalism and his concern for the worker. What he really opposed was individual ownership, and what he really proposed was using the force of the collective to control the worker. In the hands of Lenin and Stalin, collective control became government control.

The Handles for Control

Organizations provide the handles which evolutionary socialist governments use to control and victimize the individual. They take away from him, by these, the independence of the individual and control over his affairs. Earlier, gradualists had a great deal of animosity toward privately owned organizations, but that appears to have diminished as government control has proceeded. Gradualists do not create new organizations, as a rule, as communists do; they rather focus upon controlling those already in existence, and, through them, individuals. Organizations provide convenient handles, such as for collecting taxes, for example, or for imposing rules.

The socialist bias in favor of organizations and against individual independence is often concealed by a rhetoric of opposition to business as well as by sporadic actual assaults on business organization, as in anti-trust action. But a closer examination divulges the information that the preponderance of organizations in our lives can be ascribed to government intervention. The government support of organization may be as simple as the Internal Revenue Service rule that *only* contributions to organizations may be deducted as gifts, never those to individuals, however worthy the cause. But the truly massive support of organizations vis-a-vis individuals is found in government intervention generally.

Government Intervenes

Organizational drag favors individuals and partnerships rather than organizations over any span of time. This drag can be offset or temporarily overcome by new infusions of capital and by specialization (expertise, techniques, and so forth). New infusions of capital are provided, in considerable measure, by government fueled inflation. Specialists are trained and provided largely by government-supported educational institutions. There are a

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host of other ways by which government intervenes to enable organizations to expand and grow, for otherwise they decline and die because of organizational drag. But perhaps enough has been said to suggest how government has acted to bring more and more people under the sway of organizations. In addition to what all this may suggest, government empowers labor union organizations, and governmental organizations themselves grow apace.

The idea that has the world in its grip would concert all human action. The thrust to do this is experienced as loss of independence by the individual in the management of his affairs. Organization is one of the main means by which this is accomplished. The reduction of the individual to a number is the other, and we must now turn to that.

Next: *31. The Subjugation of the Individual.*

—FOOTNOTES—

[1]John Fowles, *Daniel Martin* (New York: New American Library, 1978), p. 336. This is spoken by a character in a novel and does not necessarily indicate the opinion of the author.

[2]C. S. Lewis, *God in the Dock*, Walter Hooper, ed. (Grand Rapids, Mich., William B. Eerdmans, 1970), p. 314.

[3]Eugene Lyons, *Workers' Paradise Lost* (New York: Twin Circle Publishing Co., 1967), p. 217.

IDEAS ON LIBERTY

Organizational Demands

In the field of politics, the dispossessed dream of a social order which shall be based on righteousness, a system in which men will not exploit their fellow men, in which each shall contribute according to his capacity and each shall receive according to his need. Upon this conception a political party is built. It gives battle, over the years, to the existing order of things. . . .

In the course of time the party achieves power. By this time it is led no longer by starry-eyed idealists, but by extremely tough guys—who then proceed to use their newly acquired power to establish a stronger despotism than the one they overthrew, and to sew up all the holes in it that they themselves discovered in the old. What emerges is not freedom and social justice, but a more comprehensive and totalitarian control, used to maintain a new privileged class, which, because of the earlier experience of its members, is still more ruthless than the old.

W. J. BROWN, "Imprisoned Ideas"

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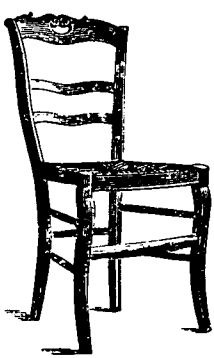
J. Brooks Colburn

EXCESS LOSSES



ALL OF US are familiar with the phrase "excess profits," used so frequently today as an epithet directed at banks, oil companies, and other corporations. However, paradoxical as it may seem, *no* profits are excessive but *all* losses are. To understand why, we need to examine these corollary concepts, profit and loss.

Profit is any surplus over cost of production which accrues to the producer of a commodity. The cost of the commodity, whether it be a good or service, will include such expenses as those required for the raw materials needed to produce it, the amount paid for the labor which was employed, and, of course, the charges for whatever capital goods—plant and tools—were utilized. Thus the cost of producing a simple wooden chair includes whatever was paid out for the wood (raw material), the wages of whoever planed, cut and assembled the wood (labor), and the price of all the tools utilized in the labor process (capital). If the sum of his per unit costs is less than his commodity's per unit price, then the producer generates a profit.

The claim that profits are excessive can be interpreted either of two ways: (1) it can mean that *all* profits, simply by their nature, are exces-

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sive; or (2) it can mean that only *some* profits are excessive. Those who accept the first interpretation are usually Marxists in fact, if not in name, because their argument rests on Marx's labor theory of value. According to it, the surplus of return over cost which constitutes profit comes from not paying the laborer what his labor time is "worth." To rebut the labor theory of value is far beyond the scope of this paper, and, more important, would be redundant given the classic refutations of Böhm-Bawerk *(Capital and Interest)* and von Mises *(Human Action, Socialism)*. Besides, it is the second interpretation which is the more interesting because it is so much more common than the first.

How Much Is Too Much?

Anyone who holds the second interpretation—that some profits are excessive, others not—must determine the standard by which the excess can be measured. What might that be? One common suggestion is that it should be whatever is the average profit within the industry. Anything above that would be excess. A major problem with this is its vagueness: what is meant by "the industry"? Are the profits of our chair maker to be compared with those of all furniture makers, or with those who make only chairs, or with those who make only wooden chairs? How similar to the commodity of the entrepreneur in question must be the commodities which constitute the standard class, i.e., "the industry"?

Since there are an unlimited number of possible standards for measuring alleged profit excesses, we cannot examine each of them. However, if we could show that they all shared a certain serious weakness, regardless of where exactly they drew the line for establishing excess, we would have reason for rejecting all of them. That, in fact, is the case.

Consider our chair maker. In order to stay in business, he must satisfy some demand. People must want his chairs. If there were some unit for measuring demand, and if it could be shown that by producing chairs more demand was being satisfied than if they were not produced, then, according to that standard, our chair maker would have increased the sum of social utility by increasing the amount of satisfied demand. He would, in other words, be justified in producing chairs.

There is such a measuring unit: the medium of exchange, money. Each dollar bid on a commodity is an indicator of demand. The more of a scarce resource offered for something, the more valuable, relative to that resource, the thing is. And, as we all know, money is indeed a scarce resource..

The costs our chair maker must

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pay for his raw materials, labor, and capital constitute the measure of demand for those resources *prior* to their embodiment in his chairs. That is, had he never begun production, those resources would still be worth the cost he was forced to pay for them. But in fact they are transformed into his chairs. Since the chairs sell per unit at a price greater than their per unit cost, more demand (measured in dollar votes) is satisfied than if the economic resources constituting them had not been combined into chairs but simply allowed to remain as they were when they commanded the lower costs our entrepreneur paid for them.

A Measure of Efficiency

The overage between the price and cost—profit—is the measure of how much greater is the demand being satisfied by chairs than by the wood, labor, and tools, prior to their utilization by our producer. It attests to the entrepreneur's ingenuity and efficiency in adapting scarce and valuable resources to better serve willing customers. The more profits generated, the greater demand satisfied. Therefore, so long as we want our economic demands satisfied, no profits can be excessive.

With losses, the situation is reversed. If the price per chair is less than the per unit cost, then there was greater demand for the economic resources prior to their embodiment into chairs. In producing chairs, the entrepreneur has caused less demand to be satisfied than if he had produced nothing. Therefore, all losses are excessive because they are indicative of having introduced disutility in the form of less satisfaction of demands.

In short, profit signifies that a valuable social function has been performed, and the larger the profit the greater is the satisfaction of economic demand. We have offered an argument which proves that, *prima facie,* unlimited profit should be encouraged while any loss should be discouraged. Our argument places the burden of proof upon those who would restrict profits. They would have to show that restriction, despite its minimizing of demand satisfaction, would nevertheless be a good thing. To do this, they must meet the same standards of argument that we met: determine a criterion of value to replace ours of demand satisfaction, and then indicate their method for measuring the presence or absence of that criterion, as money bid in the marketplace measures ours. It's up to them. ☺

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Robert LeFevre

THE NATURE OF WORK

WORK means the application of one's energies toward the accomplishment of a given task. In a sense, the application of one's energies, even when there is no task to be performed, is a kind of work. We could say, for example, that a man who is lolling under a shade tree is "employed" in day-dreaming. Normally, we don't refer to actions of this kind as work. When we talk about work, we usually mean that a goal has been established and means are being employed toward the attainment of that goal. However, a man who is engaged in a sport activity is "working" at it. A man who has become destructive and is trying to rob a bank or a filling station is "working." In common usage, we reserve the word *work* for our constructive goals. So, if the goal is not constructive, we say that the man is playing or loafing. And if he is robbing a bank, we say that he is engaged in robbery and we don't dignify that action by calling it work.

Begin thinking of your child as a worker. Certainly, he is going to play and day-dream and waste a good deal of time. This is only to be expected of any individual who doesn't really know what to do and hence doesn't know which means to adopt in order to employ his energies. The more quickly your child accepts certain goals as his own, the more quickly you can help him learn the proper means for the accomplishment of those goals. Work, as used here, will be limited to goal-oriented procedures of a constructive nature.

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Interestingly enough, the child may resist the idea of working at the outset. This is usually because he doesn't understand what he is to do or why he is to do it. Children really enjoy being busy. And it is no hardship for them to be busy constructively. Actually, they are going to be "working" one way or another, in that they will certainly be engaged in expending their energies. The child who understands reality and how he fits into it, will have an enormous advantage over the child who doesn't. The former will very soon find things that he wants to do. Because he is motivated by what he wants to do, he will be eager to discover the ways and means to proceed in the direction he wishes to go.

The Joy of Working

How important is it that a person work? Most people stress economic necessity, indicating that if you don't work, you won't earn the money by means of which you can be self-supporting. This is true enough, but it is only part of the story. Factually, you and your child are going to be engaged in expending your energies. And the happiest and most successful people are those who work and work hard.

To begin with, the work of your child is going to be concentrated to a large degree in various learning processes. Make no mistake about it, that, too, is work. It takes discipline, concentration, self-control, and commitment to be either a good student or a good teacher. But the whole purpose of education is to assist the individual in putting his knowledge to work. To know something for the sake of knowing it may be fine. But to know something that can be used constructively is what we all desire.

Viewing humanity as a whole gives us another insight into the business of work. All men are con-

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This article is a chapter, reprinted by permission, from his latest book, *Raising Children for Fun and Profit*, a home-study course to equip the parent to instill in his progeny the necessary knowledge and values, including character, integrity, self-responsibility, and self-esteem, by means of which the child can deal with the facts of life, both in school and beyond school.

The book is available at $10.00 from P. K. Slocum, 7333 Corey Street, Downey, California 90242.

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sumers and their wants and desires are insatiable. We all want more and more things to consume. There is no mystery about it. If those things are going to exist, they will have to be produced. Somebody is going to have to do the work that makes production possible. Man, by his nature, is a consumer. Educated, mature man is also a producer. We begin life as consumers and we will continue to consume until we die. Production is a learned skill. We don't come into the world prepared to work and to produce and distribute and serve. Children are little, animated appetites and they demand goods and services incessantly.

Look at it this way. An individual will consume during his entire life. But how much of his life will be spent in production? Usually, only the middle portion. When a man is yet a child, he does not produce, as a rule. And when he becomes truly elderly or possibly when he becomes ill or decrepit, he will not be able to produce. So the work span of man is much shorter than his consumption span. What does that mean?

It means that for human life as we know it to continue to exist, and hopefully to be a better life with more opportunities for joy and fulfillment, those of us who are engaged in producing are going to have to produce a great deal. We are going to have to produce enough in our productive years to bridge the much longer time in which we won't be producing.

The Importance of Saving

Human survival is based upon the ability to create surpluses. If we consumed today everything we produced today, we would begin each day in a situation of unbearable want, deprivation, and starvation. Properly, the parents are productive enough so that while they are raising their children they are producing enough to take care of their own wants and also to invest in the wants of the children. Hopefully, when that is accomplished the parents will continue to produce so they can create sufficient surpluses to tide them over their later years when they will not be able to produce enough, or possibly when they cannot produce at all.

There is still another reason why surpluses are important. Every act of production is preceded by an investment of one kind or another. Investments are only possible where surpluses exist. So the more we can produce, the larger our surpluses can become. The larger our surpluses, the more we can invest. The more we can invest, the higher our standard of living and the more constructive our employment. The more constructive our employment, the greater our degree of security and well-being. In short, the more

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and the better we work, the better for us all.

Interestingly, most of us have been conditioned in our earlier life to look forward to our vacations and our time off from work rather than to our work. This is a complete departure from reality. Vacation times are not necessarily happy times. They may be necessary, just as sleep is necessary. But if a person is correctly educated, he will find work that he will enjoy and he will look forward to it because he can do it well and he gets all kinds of rewards for doing it.

The person who is yearning for vacation and for sleep and for time to loll under a tree as his main interest in life is, to a degree, longing for death. He wants to disconnect from the reality of this world, hoping to find surcease from pain and effort, one way or another. If children are properly educated, they will long to work; they will find great fulfillment in work; and they will work very hard and very long in the attainment of their goals.

The happy man is not he who has nothing to do. Examine the records covering men who retire once they reach the age of sixty-five, either because they are compelled to retire or because they choose to do so. Unless they can find hobbies or some other kind of work that will engross them, their life expectancy is reduced rapidly. Living really means working (i.e., constructively employing one's energies). These are some of the reasons why work is important.

Three Types of Work

Work could be classified in various categories and at several levels. Remember, we are considering only constructive, goal-oriented endeavors. There is *physical work*. This is the employment of our energies, in doing simple tasks where our muscles and bones are employed directly. There is always some measure of skill entailed in any kind of work, even very simple work. A man who digs a ditch, runs a hand lawn-mower, or loads a freight car is using some skills, but the principal demand on him is in the expenditure of his own physical energy.

The next classification would be called *skilled labor*. The skilled worker has learned to deal with machines or mechanisms or power or electronic tools which, in themselves, do most of the work. A typist is a skilled worker. So is a man who drives a tractor, a truck, or a bulldozer, or who operates a linotype machine, a lathe, a drill press, or an electronic calculator. Most of the actual work in such cases is done by the machine. However, very skillful management of those machines is required to keep them doing their best. A skilled worker can work just as hard as a physical worker. But he

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uses a relatively smaller amount of his own physical energy, concentrating usually on how he moves his fingers, or possibly his arms and legs. Frequently, the skilled worker can sit down as he works, although that is not always possible, depending on the tool he uses.

Then there is the *mental worker.* He employs his brains in the accomplishment of some objective. Mental workers would include both teachers and students, as well as lawyers, writers, analysts, researchers, and inventors. Almost always there is a certain amount of skilled labor that accompanies mental labor. The teacher must study, and that means getting books and turning pages, and taking trips to see things and possibly experimenting with various tools and substances. And then the teacher must communicate. An architect is a mental worker, but he also employs the tools of the artist in his craftsmanship. The lawyer must be able to prepare a brief and to argue the case of his client. A writer must not only think what he wants to say, he must do the skillful work of selecting the right words and putting them down on paper. You can think of scores of examples in each of these three categories.

Because mental work is the most difficult, and also the least visible, we often feel that mental workers are somehow superior. This is probably as it should be. To become a competent user of the mind takes some extraordinary skills. Further, in this world we tend to reward mental workers at a rather high rate of pay. So there is a kind of prestige that attaches to mental work, including the advantage of more dollars.

However, this does not mean that there is anything wrong or demeaning about other kinds of work. All kinds of jobs need doing. Housewives do a lot of physical work requiring only modest skills. Also, they do other kinds of work requiring a much higher degree of skill, as when they cook and prepare and plan meals. Additionally, when a housewife becomes a teacher, she is really engaged at the mental level. We demand a very great deal from the housewife.

Rare Skills Rewarded

The businessman and the investor also works very hard in a variety of ways. He has certain very rare skills if he is to succeed. And this will require physical, skilled, and mental energy.

Sometimes, in our economy, we pay the very highest wages, not to those with the best mental ability, but to those with very rare skills. Professional athletes draw salaries that are sometimes two and three times more than heads of giant corporations. Yet all they do is carry a

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ball very well, or possibly they can knock a ball over a fence better than anyone else. Still others perform in the art world or the theater with its many phases. Men and women who are skillful in the arts can earn fantastic pay. But the demands upon them are sometimes staggering.

In teaching your child about work it is important that you find out where his motivations and his abilities take him. Naturally, you will want him to advance as far as he can toward his chosen goals. And it might be well to realize that the higher the goal (higher in the sense of the limited numbers of persons able to perform), the more different types of knowledge and skill that will be demanded.

Many parents refrain from giving their children physical chores around the house, feeling that such chores are beneath the child, since he has rather conspicuous talents of a more advanced nature. This may actually stunt the child's development. Few people work any harder physically than a ballet dancer, an opera singer, a housewife, or even a good writer. It takes discipline and untold hours of dedicated practice and commitment to become competent in these fields. They can begin learning muscular coordination, which is always important, by running errands, dusting, sweeping, mowing grass, and carrying packages. If the proper attitude is developed toward work, you will usually find little difficulty in getting your child to do chores around the house.

Perhaps the child feels that his parents are imposing upon him and taking away his freedom when he is asked to help. But this is probably because he wasn't asked in the right way.

A Goal to Achieve

Your child needs to be goal oriented. He will have greater happiness and greater self-assurance if he is active in moving toward something he wishes to accomplish. Activity for your child is not exclusively physical. If the mind of the child is active, and especially when the mind and the body can be active in harmony aimed at an accomplishment, the tendency to feel imposed upon will be reduced or will disappear.

Parents must take care that they don't harm the child by keeping the chores away from him. Also, they should not impose. The important item to bear in mind isn't the amount of work the child does, but his motivation in connection with the work. Curiously the child who busies himself with chores is usually the child who gets more done in other areas, too. Busy people get more done of their own choosing than people who loaf. When the child gets into the habit of loafing,

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he not only will not help but he probably won't even help himself.

The child who is thought of as important, not only in what he does but in what he thinks, is usually well adjusted. He feels that he is part of the team, that the team wouldn't function quite as well without him. He will begin taking pride in the things he does and he will find ample time to pursue his own development as he begins setting major goals for himself.

Of overarching importance is the child's mental and moral outlook. If the child becomes convinced, as a result of his early training, that one of the most important things he can do is to become self-supporting so that he "hurts no man," including his parents, and if, at the same time, his parents trust him and consult him and listen seriously and even gravely to his observations, even though he will reveal his lack of experience, that child will probably be happy. And the groundwork will have been laid to make him successful.

The Appropriate Attitude

In our present situation, work is looked down upon as an evil. It is viewed, of course, as necessary. But it is a necessary evil. If you will go to work to eliminate this kind of thinking in your home and certainly with your child, the rewards to you will be substantial.

No child will be happy if his parent sneers at him as a result of the work he does. Sometimes parents unintentionally begin to nag their children, feeling that their offspring could do so much more and so much better than they are doing. So they keep prodding with little remarks dropped from time to time to indicate a lack of satisfaction in their children's behavior. Usually, this will not have the result the parents desire.

When a child embarks upon a task and doesn't do a good job, the parent should exhibit a good sense of proportion and humor. And he should focus his attention upon the job, not upon the child, if the work is done badly. Instead of saying: "Mary, *you* can do better than that," it would be better to say: "Mary, I think it is possible for *that job* to be done better." Then, don't scold or find fault with the person. Stick with the reality of the job requirements.

Possibly the reason the task was poorly performed was that Mary didn't quite understand how to do it. Perhaps you have already shown her. But remember, her mind may have been engaged elsewhere and she only partially understood. You must exhibit the same degree of patience on such an occasion as you would want from your employer if you turned in a poor performance. Be sure that your child understands the nature of the task. Equally im-

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portant, be sure the child knows *why* the task must be performed. Although it may seem obvious to you, remember, your child knows a great deal less about reality than you do. He may not have understood why the floors have to be kept clean. Be sure the child learns as much about it as you know. Also, be careful not to insist on the performance of chores simply on the basis of your authority. "Mary, I told you to do the dishes."

"Why, Mommy?"

"Because I told you to."

This is no answer insofar as the child's curiosity is concerned. Her busy mind, in this case, may be considering the advisability of having each person clean up his own dishes. Or possibly the desirability of never cleaning any of them might occur. What harm would it be if everyone just got his own dirty dishes back again?

Don't laugh at the child, laugh at the task. This makes the burden lighter. Explain the consequences of not doing the dishes.

If the child seems willful, sometimes an example can be provided. Get all the dishes done except Mary's and let her have her own dirty dishes back again, at the next meal.

When Mary begins taking pride in her accomplishments and when she sees that they are important and make her a respected and valued member of the family team, you'll be well on your way toward instilling the value of work.

IDEAS ON LIBERTY

F. A. Harper

INTELLECTUAL and moral guidance, voluntarily accepted by the follower, is no violation of liberty; it is, in fact, a main purpose of liberty so that the blind are free to follow those who can see. The danger is that in the absence of liberty the blind may become authorized to lead those who can see—by a chain around their necks!

The terrific urge to prevent another person from making a "mistake" must be resisted if liberty is to be preserved. The "protective spirit" that leads a fond parent to prohibit his child from acquiring mature judgments, as he substitutes his own opinions for those of the child, leads the dictator to act as he does in "protecting" his political children. There is no possible way to allow a person to be right without also allowing him to be wrong. The only way to avoid responsibility for another's mistakes is to allow him the full glory and reward of being right, as well as the full dishonor and penalty of being wrong. Only in this way can one person isolate himself from the mistakes of another, whether it be a Stalin or a neighbor.

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Ira Gottlieb

Input Slavery *and* Output Slavery

THE production of goods comes about due to the processing of basic materials into forms more desirable to users. Basic inputs, such as labor and raw materials, undergo a creative interaction and a new product emerges that is hopefully more valuable than the combined values of the inputs.

Throughout history, the labor input often was obtained by means of enslaving the worker. The pyramids of Egypt were built with slaves, and much of the cotton of the Old South was picked with slaves. Today in the United States, absolute input slavery is abhorred. A vast majority of the citizenry would be opposed to forcing anyone into working against his will for no pay.

However, the majority opinion against slavery begins to shrink when workers are paid for a task, even if they must work against their wills. During a major coal strike in the recent past, a multitude of voices were raised asking the President to order the strikers back to work.

In the absence of a contract, it is a basic right of an employee to refuse to work, just as it is a basic right of an employer to fire any striking worker and replace him with an individual more willing to do the job. The employee "has a Property in his own Person. This no Body has any Right to but himself," as John Locke said in *Two Treatises of Government*. However, a job is not a physical property belonging to the employee, it is an abstraction which an employer creates (and therefore owns) to fulfill a need of an enterprise.

The presence of a contract changes the situation because a set of mutually binding obligations is

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brought into the picture. Each party depends upon the other for the carrying out of an agreed upon performance, and gives security in return. An employer is assured of a labor supply with which he could make production plans, and an employee is guaranteed the job itself. The breaking of a contract by either party, without a "justifying" cause, can be considered a form of theft because it robs one party of the assured security for which something was given in return. Therefore, the enforcement of a voluntary contract against either party should not be considered input slavery.

Ownership Rights

Output slavery involves the confiscation of the products of the production process from its rightful owner. A self-employed person is clearly entitled to the output because he provides the labor, capital, raw materials, creativity, and whatever else is necessary to produce the output.

There is no right to that which another produces. This is where a conflict comes in. Many people who are opposed to input slavery (forced labor) are not opposed to output slavery.

John Locke observed that "The Labour of his Body, and the Work of his Hands, we may say, are properly his. Whatsoever then he removes out of the State that Nature hath provided, and left it in, he hath mixed his Labour with, and joyned to it something that is his own, and thereby makes it his Property . . . that excludes the common right of other Men." Locke's statement does not justify a Marxian Labor Theory of Value. That labor is the unquestionable property of the worker cannot be denied, but employees implicitly agree to exchange their labor for a compensation other than the property they work upon. By agreeing to exchange their labor for a given compensation, they trade their claims to that part of the final product which their labor helped produce. The value of their labor is subjectively determined by competitive market forces. Beyond their wages, employees have no further claims to the goods produced.

The inputs used in the process other than labor are usually the property of some owner. It is not virgin property the employee works on, but something which has already been claimed. The salary paid an employee was formerly property which the employer had owned and obtained through creative efforts and labor. An employee cannot have claims to such property of others except as covered in the employment contract. In the case of losses, the employee still has a claim, although no value has been added, because he has upheld his part of the contract and is due compensation.

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Based on these factors, the outputs of the production process belong exclusively to the producer once contractual claims have been settled. As input slavery represents the enslavement of employee efforts, output slavery represents the plunder of employer efforts and labor.

Protecting the Employer

As said earlier, input slavery often is and should continue to be opposed. However, those who would strenuously oppose input slavery of the employee usually fail to recognize output slavery imposed upon the employer. Examples of the latter include demands for the nationalization of various corporate properties, improper restrictions on rights of property usage which steals the essence of property, and claims that property does not exist for the owners, but rather for the workers and a nebulous "public."

In order to abolish slavery, employers who firmly favor property rights should be made aware of how compulsory labor laws violate the very concepts the employers support. By demanding that coal miners or railroad workers be ordered back to work under the Taft-Hartley Act, employers in effect would be agreeing that a person's property should not be privately controlled. Of course, striking workers may still be fired.

Perhaps more importantly, those who support freedom should make both employees and the general citizenry aware of the fact that, without private property rights, freedom itself is impossible. Freedom of property usage, like freedom of speech, can only be protected if the right to all property is accepted and respected. If exceptions are made to fit particular circumstances, no one would be able to feel secure in his property or person. Only with a mutual respect for both input and output factors, is freedom of either possible.

IDEAS ON LIBERTY

The Zeal for Equality

THE modern leveler rebels against the inequalities of merit, capacity, and virtue. Beginning with a just principle, he develops it into an unjust one. Inequality may be as true and as just as equality: it depends upon what you mean by it. But this is precisely what nobody cares to find out. All passions dread the light, and the modern zeal for equality is a disguised hatred which tries to pass itself off as love.

HENRI FREDERIC AMIEL

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VOLUNTARYISM

AUBERON HERBERT'S *The Right and Wrong of Compulsion by the State, and Other Essays,* edited and with an introduction by Eric Mack (Liberty Classics, 7440 North Shadeland, Indianapolis, Indiana 46250, 426 pages, $9.00 cloth, $3.50 paperback), is an astonishing book to come upon after all these years. What modern libertarians know as voluntarism, Herbert, who died in 1906, called voluntaryism (the "y" in the middle of the word gives it an odd ring to my ear). The creed of voluntaryism, as worked out by Herbert in a busy quarter-century of pamphleteering, speech writing and magazine editing, was thorough and logically convincing. A logical series of deductions from England's own individualistic theory of natural rights, Herbert's doctrine should have caused his countrymen to stand fast against the collectivist ideas seeping in from continental Europe. But the more that Herbert wrote, the less influence he seemed to have.

What is astonishing is that his beautifully written and rigorous essays have been quite forgotten. I confess that I had never heard of Herbert until Isaac Don Levine dug him out to present him in a series printed in *Plain Talk* Magazine of prophets who "saw it coming." In all these years of Herbert's eclipse, the fame of Bernard Shaw, H. G. Wells, Sidney and Beatrice Webb and the Fabian Society grew. The English Liberal party, badly infected with the Statism that Herbert decried, dwindled while the Labor Party waxed fat. There was the Beveridge plan for cradle-to-grave security, and the English Tories, Statists

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themselves, went along with it. How it all could have happened--and, of all places, in the England of John Locke, Edmund Burke, Adam Smith, John Stuart Mill, Richard Cobden and John Bright—is one of the world's great mysteries. The debacle can't be blamed on John Maynard Keynes, who was a mere Bloomsbury dandy when the Fabians were riding high.

Not so many years ago George Dangerfield wrote a nostalgic book call *The Strange Death of Liberal England*. The very memory of Auberon Herbert was one of the casualties of the 1906-1912 period. He was drowned, fathoms deep.

Ideas Live On

Yet every one of his voluntary ideas retains its vitality. The reason is that common sense continues to flow in subterranean channels even in periods of extreme collectivist debacle. Herbert tangled with the British socialist J. A. Hobson, and it is Hobson's name that has been remembered. Hobson's theory that the fact of our social interdependence justifies compulsion in the organization of human life has been accepted by all our modern "liberals." But the Leonard Read who insists that we all have a vested interest in the uncompelled differences of human beings would recognize Herbert as a doughty champion of a truth that should be obvious. Herbert accused Hobson of tricking himself with words. Hobson's phrase, "the social entity," is, as Herbert said, a literary creation.

If an individual is molded and formed by "society," Herbert argued, it can only mean that he is molded and formed by other individuals who are the components of that society. Even supposing that a social entity can exist apart from individuals, the thoughts that the individual thinks act upon the social entity. So what is claimed for one must also be claimed for the other. You arrive at the truism that people influence people. The contrast between society and the individual is an unreal one, for society is individuals. You might as easily, so Herbert says, contrast "pence and pounds."

Hobson's strange syllogism consists of a non sequitur: "We all influence each other by words and our writings; *therefore* we are all to be yoked together under a system of intellectual compulsion, chosen for us by others." "Literature apart," says Herbert, "I think Mr. Hobson will admit that it is a bold transmutation of unlike things into each other—voluntary service and the free exchange of influence, passing into universal compulsion of each other, worked by the votes of a majority."

The Limits of Majority Rule

Herbert's criticism of the fetish of majority rule is devastating. Why,

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he asks, should there be any more magic in numbers than in a king, a tyrant or an oligarchy? The accident that three people may prefer one thing while two people may prefer another hardly justifies the rule of the three over the two. If there is common ownership—say of a piece of property—a majority vote is a convenient way of settling differences. But when ownership is not involved, rule by majority vote can be just as tyrannical as rule by a dictator.

Auberon Herbert quit the British parliament because he had been convinced by Herbert Spencer that it was wrong for a majority to try to coerce minorities in the employment of their energies. He was never quite an anarchist, as the word had come to be understood. He believed in the limited state, with the government empowered to use force against individuals who invaded the rights of others. But beyond that, Herbert wanted all things determined by individual action or voluntary association.

He solved the knotty problem of taxes in his own individual way. Mildred McLearn, the modern proponent of voluntary taxation, would be interested in Herbert's statement that "the power to levy taxes compulsorily seems to me the inner keep, the citadel of the whole question of liberty . . . until that stronghold is leveled to the ground, I do not think that men will ever clearly realize that to compel any human being to act against his own convictions is essentially a violation of the moral order, a cause of human unrest, and a grievous misdirection of human effort." Herbert advocated letting people finance the government's few legitimate payrolls (for police, the courts, the sanitary services and the army) by voluntarily trading small sums for the right to exercise the franchise at the polls.

Compulsory Schooling Opposed to Workingman's Interest

Leonard Read has recently called for a movement to separate state and school as our founding fathers once separated state and church. Examining his "first principles" way back in 1880, Auberon Herbert told the British workingman that he would be "selling his birthright for the mess of pottage" if he accepted the "rate and tax" paid by others to maintain a system of compulsory public education. The compulsory tax-supported school, he said, would allow the rich to intrude themselves into the poor man's home affairs. The state would be telling the school child's parents that henceforward "you need have no strong convictions, and need make no efforts of your own, as you did when you organized your chapels, your benefit societies, your trade societies, or your cooperative institutions. We

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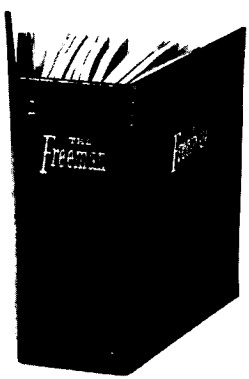
are the brain that thinks; you are but the bone and muscles that are moved."

Eric Mack, in his introduction, tells us just enough about Auberon Herbert's life to make us want more. Evidently Herbert could have had a long career in parliament if he had not decided to chuck it to become an advocate of a consistent libertarianism. Such integrity is a rarity in any age. The irony of Herbert's eclipse is compounded when we contrast his eloquent prose to the jargon-ridden stuff put out by Beatrice and Sidney Webb who, strangely, carried the day with their "inevitability of gradualism"—going, as we must see it now, the wrong way.



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